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इस भाग में भिन्न पृष्ठ संख्या वी आती है जिससे कि यह वलग संकलन
के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed
as a separate compilation

LOK SABHA

The following Bill was introduced in Lok Sabha on the 28th February, 1983:—

BILL NO. 16 OF 1983

A Bill to give effect to the financial proposals of the Central Government for the financial year 1983-84.

Be it enacted by Parliament in the Thirty-fourth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Finance Act, 1983.

Short title and
commencement.

(2) Save as otherwise provided in this Act, sections 2 to 43 and section 59 shall be deemed to have come into force on the 1st day of April, 1983.

CHAPTER II

RATES OF INCOME-TAX

2. (1) Subject to the provisions of sub-sections (2) and (3), for the assessment year commencing on the 1st day of April, 1983, income-tax shall be charged at the rates specified in Part I of the First Schedule and shall be increased,—

Income-tax.

(a) In the cases to which Paragraphs A, B, C and D of that Part apply, by a surcharge for purposes of the Union; and

(b) In the cases to which Paragraph E of that Part applies, by a surcharge,

calculated in each case in the manner provided therein.

(2) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part I of the First Schedule applies, where the assessee has, in the previous year, any net agricultural income exceeding six hundred rupees, in addition to total income, and the total income exceeds,—

(i) In a case to which the said Sub-Paragraph I applies, fifteen thousand rupees, and

(ii) In a case to which the said Sub-Paragraph II applies, twelve thousand rupees,
then,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first eight thousand rupees,

of the total income but without being liable to tax), only for the purpose of charging income-tax in respect of the total income; and

(b) the income-tax chargeable shall be calculated as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income:

Provided that in a case referred to in the said Sub-Paragraph II, for the purpose of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (ii) of the proviso below Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of fifteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of eight thousand rupees,

and the amount of income-tax shall be determined in respect of the net agricultural income as so increased at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if the net agricultural income as so increased were the total income:

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(iii) the amount of income-tax determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax determined in accordance with sub-clause (ii);

Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount by which the total income exceeds twelve thousand rupees, the excess shall be disregarded;

(iv) the amount of income-tax determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax and the sum so arrived at shall be the income-tax in respect of the total income.

(3) In cases to which the provisions of Chapter XII or section 164 or section 164A or section 167A of the Income-tax Act, 1961

(hereinafter referred to as the Income-tax Act) apply, the tax chargeable shall be determined as provided in that Chapter or that section, and with reference to the rates imposed by sub-section (1) or the rates as specified in that Chapter or section, as the case may be.

(4) In cases in which tax has to be deducted under sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act at the rates in force, the deduction shall be made at the rates specified in Part II of the First Schedule.

(5) Subject to the provisions of sub-section (6), in cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or deducted under section 192 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section (9) of section 80E of the said Act from any payment referred to in the said sub-section (9) or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" shall be so calculated, charged, deducted or computed at the rate or rates specified in Part III of the First Schedule:

Provided that in cases to which the provisions of Chapter XII or Chapter XIIA or section 164 or section 164A or section 167A of the Income-tax Act apply, "advance tax" shall be computed with reference to the rates imposed by this sub-section or the rates as specified in that Chapter or section, as the case may be:

Provided further that an assessee, being a company, may, in lieu of payment of one-half of the amount of surcharge on income-tax at the rate specified in Paragraph E of Part III of the First Schedule, make a deposit under the scheme framed under sub-section (7) before the last instalment of "advance tax" is due in its case, and where it does so, the surcharge on income-tax payable by it shall be reduced,—

(i) in a case where the amount of the deposit so made is equal to, or exceeds, one-half of the amount of surcharge on income-tax payable by it, by one-half of the amount of surcharge payable by it; and

(ii) in a case where the amount of the deposit so made falls short of one-half of the amount of surcharge on income-tax payable by it, by the amount of the deposit.

(6) In the cases to which Sub-Paragraph I or Sub-Paragraph II of Paragraph A of Part III of the First Schedule applies, where the assessee has, in the previous year or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than the previous year, in such other period, any net agricultural income exceeding six hundred rupees, in addition to total income and the total income exceeds,—

(i) in a case to which the said Sub-Paragraph I applies, fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, twelve thousand rupees,

then, in calculating income-tax under the first proviso to sub-section (5) of section 132 of the Income-tax Act or in charging income-tax under sub-section (2) of section 174 or section 175 or sub-section (2) of section 176 of the said Act or in computing the "advance tax" payable under

Chapter XVII-C of the said Act, at the rate or rates in force,—

(a) the net agricultural income shall be taken into account, in the manner provided in clause (b) (that is to say, as if the net agricultural income were comprised in the total income after,—

(i) in a case to which the said Sub-Paragraph I applies, the first fifteen thousand rupees, and

(ii) in a case to which the said Sub-Paragraph II applies, the first eight thousand rupees,

of the total income but without being liable to tax), only for the purpose of calculating, charging or computing such income-tax or, as the case may be, "advance tax" in respect of the total income; and

(b) such income-tax or, as the case may be, "advance tax" shall be so calculated, charged or computed as follows:—

(i) the total income and the net agricultural income shall be aggregated and the amount of income-tax or "advance tax" shall be determined in respect of the aggregate income at the rates specified in Sub-Paragraph I or, as the case may be, Sub-Paragraph II of the said Paragraph A, as if such aggregate income were the total income:

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(ii) the net agricultural income shall be increased,—

(A) in a case to which the said Sub-Paragraph I applies, by a sum of fifteen thousand rupees; and

(B) in a case to which the said Sub-Paragraph II applies, by a sum of eight thousand rupees,

and the amount of income-tax or "advance tax" shall be determined in respect of the net agricultural income as so increased at the rates specified in the said Sub-Paragraph I or, as the case may be, the said Sub-Paragraph II, as if the net agricultural income as so increased were the total income:

Provided that in a case referred to in the said Sub-Paragraph II, for the purposes of determining the amount of income-tax or "advance tax" in accordance with this sub-clause, the provisions of clause (ii) of the proviso below the said Sub-Paragraph II and the provisions relating to surcharge on income-tax in the said Sub-Paragraph II shall not apply;

(iii) the amount of income-tax or "advance tax" determined in accordance with sub-clause (i) shall be reduced by the amount of income-tax or, as the case may be, "advance tax" determined in accordance with sub-clause (ii);

Provided that in a case referred to in the said Sub-Paragraph II, where the sum so arrived at exceeds sixty per cent. of the amount

by which the total income exceeds twelve thousand rupees, the excess shall be disregarded;

(iv) the amount of income-tax or "advance tax" determined in accordance with sub-clause (iii) shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and one-half per cent. of such income-tax or, as the case may be, "advance tax" and the sum so arrived at shall be the income-tax or, as the case may be, "advance tax" in respect of the total income.

18 of 1964.

(7) Where an assessee, being a company, makes, during the financial year commencing on the 1st day of April, 1983, any deposit with the Industrial Development Bank of India established under the Industrial Development Bank of India Act, 1964 under any such scheme as the Central Government may, by notification in the Official Gazette, frame in this behalf, then the surcharge on income-tax payable by the company for the assessment year commencing on the 1st day of April, 1984 shall be reduced—

(i) in a case where the amount of the deposit so made is equal to, or exceeds, one-half of the amount of surcharge on income-tax payable by it, by one-half of the amount of surcharge payable by it; and

(ii) in a case where the amount of the deposit so made falls short of one-half of the amount of surcharge on income-tax payable by it, by the amount of the deposit.

(8) For the purposes of this section and the First Schedule,—

(a) "company in which the public are substantially interested" means a company which is such a company as is referred to in section 108 of the Income-tax Act;

(b) "domestic company" means an Indian company, or any other company which, in respect of its income liable to income-tax under the Income-tax Act for the assessment year commencing on the 1st day of April, 1983, has made the prescribed arrangements for the declaration and payment within India of the dividends (including dividends on preference shares) payable out of such income in accordance with the provisions of section 194 of that Act;

(c) "Industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining.

Explanation.—For the purposes of this clause, a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or in the construction of ships or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income:

Provided that this clause shall not apply for the purposes of Paragraph E of Part III of the First Schedule, and for the purposes of that Paragraph, the expression "Industrial company" shall have the meaning assigned to it in the *Explanation* at the end of that Paragraph;

(d) "insurance commission" means any remuneration or reward, whether by way of commission or otherwise, for soliciting or procuring insurance business (including business relating to the continuance, renewal or revival of policies of insurance);

(e) "net agricultural income", in relation to a person, means the total amount of agricultural income, from whatever source derived, of that person computed in accordance with the rules contained in Part IV of the First Schedule;

(f) "tax-free security" means any security of the Central Government issued or declared to be income-tax free, or any security of a State Government issued income-tax free, the income-tax whereon is payable by the State Government;

(g) all other words and expressions used in this section or in the First Schedule but not defined in this sub-section and defined in the Income-tax Act shall have the meanings respectively assigned to them in that Act.

CHAPTER III

DIRECT TAXES

Income-tax

Amendment of section 2. 3. In section 2 of the Income-tax Act, —

(a) In clause (15), the words "not involving the carrying on of any activity for profit" shall be omitted with effect from the 1st day of April, 1984;

(b) In clause (18), in sub-clause (b), for item (B), the following item shall be substituted with effect from the 2nd day of April, 1983, namely:—

"(B) shares in the company (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than fifty per cent. of the voting power have been allotted unconditionally to, or acquired unconditionally by, and were throughout the relevant previous year beneficially held by—

(a) the Government, or

(b) a corporation established by a Central, State or Provincial Act, or

(c) any company to which this clause applies or any subsidiary company of such company where such subsidiary company fulfills the conditions laid down in clause (b) of section 108.

Explanation. — In its application to an Indian company whose business consists mainly in the construction of ships or in the manufacture or processing of goods or in mining or in the generation or distribution of electricity or any other form of power, Item (B) shall have effect as if for the words "not less than fifty per cent.", the words "not less than forty per cent." had been substituted;—

4. In section 9 of the Income-tax Act, in sub-section (1),—

Amendment of
section 9.

(a) In clause (i), in the *Explanation*, after clause (b), the following clause shall be inserted and shall be deemed always to have been inserted, namely:—

"(c) in the case of a non-resident, being a person engaged in the business of running a news agency or of publishing newspapers, magazines or journals, no income shall be deemed to accrue or arise in India to him through or from activities which are confined to the collection of news and views in India for transmission out of India;";

(b) to clause (ii), the following *Explanation* shall be added and shall be deemed to have been added with effect from the 1st day of April, 1979, namely:—

"Explanation.— For the removal of doubts, it is hereby declared that income of the nature referred to in this clause payable for service rendered in India shall be regarded as income earned in India."

5. In section 10 of the Income-tax Act,—

Amendment of
section 10.

(a) after clause (v), the following clause shall be inserted with effect from the 1st day of April, 1984, namely:—

"(6) where in the case of a foreign company deriving income by way of royalty or fees for technical services received from Government or an Indian concern in pursuance of an agreement made by the foreign company with Government or the Indian concern after the 31st day of March, 1976 and approved by the Central Government, the tax on such income is payable, under the terms of such agreement, by Government or the Indian concern to the Central Government, the tax so paid,

Explanation.— For the purposes of this clause,—

(a) "fees for technical services" shall have the same meaning as in *Explanation* to clause (vii) of sub-section (1) of section 9;

(b) "foreign company" shall have the same meaning as in section 80K;

(c) "royalty" shall have the same meaning as in *Explanation* 2 to clause (vi) of sub-section (1) of section 9;";

(d) in clause (1)(ii),

(i) for the words "thirty thousand rupees", at the three places where they occur, the words "thirty-six thousand rupees" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of April, 1982;

(ii) after the provisos and before the *Explanation*, the following provisos shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1982, namely:—

'Provided also that the Central Government may, having regard to the maximum amount which may for the time being be exempt under sub-clause (i), increase, by notification in the Official Gazette, the limit of thirty-six thousand rupees, for all the three purposes.'

which it has been mentioned in the foregoing provisions of this clause, up to such maximum amount:

Provided also that in relation to cases in which the event (that is to say, retirement of the employee or his becoming incapacitated or termination of his employment or his death, as the case may be) on which gratuity is received had taken place before the 31st day of January, 1982, the proviso immediately preceding this proviso shall not apply and the remaining provisions of this clause shall have effect as if for the words "thirty-six thousand rupees", at the three places where they occur, the words "thirty thousand rupees" had been substituted.;

(c) In clause (15),—

(i) In sub-clause (iih) ~~directed to be inserted by clause (d) of section 4 of the Finance Act, 1982,~~ for the words "Interest on such Capital Investment Bonds", the words "In the case of an individual or a Hindu undivided family, Interest on such Capital Investment Bonds" shall be substituted;

14 of 1982.

(ii) In sub-clause (iv),—

(1) In Item (a), after the words "moneys borrowed", the words "or debt incurred" shall be inserted;

(2) In Item (c),—

(A) after the words "raw materials", the words "or components" shall be inserted;

(B) the following *Explanation* shall be inserted at the end, namely:—

Explanation.— For the purposes of this item, "purchase of capital plant and machinery" includes the purchase of such capital plant and machinery under a hire-purchase agreement or a lease agreement with an option to purchase such plant and machinery.;

(3) In Item (d), after the words and figures "Industrial Development Bank of India Act, 1964", the words and figures "or the Export-Import Bank of India established under the Export-Import Bank of India Act, 1981" shall be inserted;

18 of 1964.

28 of 1981.

(4) after Item (f) and before the *Explanation*, the following item shall be inserted, namely:—

"(g) by a public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes, being a company approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36 on any moneys borrowed by it in foreign currency from sources outside India under a loan agreement approved by the Central Government, to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan and its repayment.;"

(5) In the *Explanation*, for the words "this item", the words, brackets and letters "Items (f) and (g)" shall be substituted;

(d) in clause (21), the following proviso shall be inserted at the end with effect from the 1st day of April, 1984, namely:—

"Provided that nothing contained in this clause shall apply if for any period during the previous year —

(i) any sums by way of contributions received by the association are invested or deposited after the 28th day of February, 1983 otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11; or

(ii) any funds of the association invested or deposited before the 1st day of March, 1983 otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11 continue to remain so invested or deposited after the 30th day of November, 1983; or

(iii) any shares in a company (not being a Government company as defined in section 617 of the Companies Act, 1956 or a corporation established by or under a Central, State or Provincial Act) are held by the association after the 30th day of November, 1983;"

1 of 1956.

(e) in clause (23C), after the proviso, the following proviso shall be inserted with effect from the 1st day of April, 1984, namely:—

"Provided further that nothing in this clause shall apply in relation to the profits and gains of any business which is carried on, on behalf of, or by, any fund or institution referred to in sub-clause (iv) or any trust or institution referred to in sub-clause (v) or to the profits and gains of any business undertaking held under trust for the purposes of any fund or institution referred to in sub-clause (iv) or for the purposes of any trust or institution referred to in sub-clause (v);";

(f) in clause (26A), —

(i) for the figures, letters and words "1st day of April, 1983", the figures, letters and words "1st day of April, 1986" shall be substituted;

(ii) the *Explanation* shall be numbered and shall be deemed to have been numbered with effect from the 1st day of April, 1980 as *Explanation 1* and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1980, namely:—

"Explanation 2.— In this clause, references to the district of Ladakh shall be construed as references to the areas comprised in the said district on the 30th day of June, 1979."

6. In section 11 of the Income-tax Act,—

Amendment of
section 11.

(a) in sub-section (2), for clause (b), the following clause shall be substituted, namely:—

"(b) the money so accumulated or set apart is invested or deposited in the forms or modes specified in sub-section (5);";

(b) for sub-section (4), the following sub-section shall be substituted with effect from the 1st day of April, 1984, namely:—

"(4) Nothing contained in sub-section (1) or sub-section (2) or

(d) section (3) or sub-section (3A) shall apply in relation to any being profits and gains of business.

(e) After sub-section (4), the following sub-section shall be inserted,

(f) (i) The forms and modes of investing or depositing the money referred to in clause (b) of sub-section (2) shall be the following, namely:—

- (i) investment in savings certificates as defined in clause (c) of section 2 of the Government Savings Certificates Act, 1959,
- (ii) deposit in any account with the Post Office Savings Bank;
- (iii) deposit in any account with a scheduled bank or a co-operative society engaged in carrying on the business of banking (including a co-operative land mortgage bank or a co-operative land development bank).

46 of 1959.

Explanation. — In this sub-clause, "scheduled bank" means the State Bank of India constituted under the State Bank of India Act, 1955, a subsidiary bank as defined in the State Bank of India (Subsidiary Banks) Act, 1959, a corresponding new bank constituted under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, or under section 3 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980, or any other bank being a bank included in the Second Schedule to the Reserve Bank of India Act, 1934;

23 of 1955.

38 of 1959.

5 of 1970.

40 of 1980.

2 of 1934.

(iv) investment in units of the Unit Trust of India established under the Unit Trust of India Act, 1963;

52 of 1963.

(v) investment in any security for money created and issued by the Central Government or a State Government;

(vi) investment in debentures issued by, or on behalf of, any company or corporation both the principal whereof and the interest whereon are fully and unconditionally guaranteed by the Central Government or by a State Government;

(vii) investment or deposit in any Government company as defined in section 617 of the Companies Act, 1956;

1 of 1956.

(viii) deposit in any account with a financial corporation which is engaged in providing long-term finance for industrial development in India and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36;

(ix) deposits with or investment in any bonds issued by a public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes and which is approved by the Central Government for the purposes of clause (viii) of sub-section (1) of section 36;

(x) investment in immovable property.

Explanation. — "Immovable property" does not include any machinery or plant even though attached to, or permanently fastened to, anything attached to the earth.'

7. In section 13 of the Income-tax Act,—

Amendment of
section 13.

(a) in sub-section (1),—

(i) clause (bb) shall be omitted with effect from the 1st day of April, 1984;

(ii) for clause (d), the following clause shall be substituted, namely:—

"(d) in the case of a trust for charitable or religious purposes or a charitable or religious institution, any income thereof, if for any period during the previous year—

(i) any funds of the trust or institution are invested or deposited after the 28th day of February, 1983 otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11; or

(ii) any funds of the trust or institution invested or deposited before the 1st day of March, 1983 otherwise than in any one or more of the forms or modes specified in sub-section (5) of section 11 continue to remain so invested or deposited after the 30th day of November, 1983; or

(iii) any shares in a company (not being a Government company as defined in section 617 of the Companies Act, 1956 or a corporation established by or under a Central, State or Provincial Act) are held by the trust or institution after the 30th day of November, 1983:

Provided that nothing in this clause shall apply in relation to—

(i) any assets held by the trust or institution where such assets constituted the original corpus of the trust or institution as on the 1st day of June, 1973 or where such assets being shares were allotted by way of bonus to the trust or institution on or before the said date with reference to the shares by way of original corpus held by it;

(ii) any trust or institution whose only source of income consists of profits and gains of business.";

(b) in sub-section (2), in the opening portion, for the words, brackets and letter "provisions of clause (c)", the words, brackets and letters "provisions of clause (c) and clause (d)" shall be substituted;

(c) in sub-section (4), in the opening portion, for the words ", in a case where", the words, brackets and letter "but without prejudice to the provisions contained in clause (d) of that sub-section, in a case where" shall be substituted;

(d) sub-sections (5) and (6) shall be omitted.

8. In section 16 of the Income-tax Act, in clause (i), for the words "five thousand rupees", the words "six thousand rupees" shall be substituted with effect from the 1st day of April, 1984.

Amendment of
section 16.

9. In section 24 of the Income-tax Act, in sub-section (1) to clause (vi), the following *Explanation* shall be added with effect from the 1st day of April, 1984, namely:—

Amendment of
section 24.

Explanation. — Where the property has been acquired or constructed with borrowed capital, the interest, if any, payable on such capital for the period prior to the previous year in which the property has been

acquired or constructed, as reduced by any part thereof allowed as a deduction under any other provision of this Act, shall be deducted under this clause in equal instalments for the said previous year and for each of the four immediately succeeding previous years;".

Amendment of section 32. 10. In section 32 of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1984,—

(a) in clause (ii), in the first proviso, for the words "seven hundred and fifty rupees", the words "five thousand rupees" shall be substituted;

(b) in clause (iv), the words, brackets and figures "but any such sum shall not be deductible in determining the written down value for the purposes of clause (ii) of sub-section (1)", shall be omitted;

(c) in clause (v), the words, brackets and figures "but any such sum shall not be deductible in determining the written down value for the purposes of clause (ii)", shall be omitted.

Amendment of section 32A. 11. In section 32A of the Income-tax Act,—

(a) in sub-section (2),—

(i) after clause (b) and before the *Explanation*, the following clause shall be inserted with effect from the 1st day of April, 1984, namely:—

"(c) any new machinery or plant installed after the 31st day of March, 1983, but before the 1st day of April, 1988, for the purposes of business of repairs to ocean-going vessels or other powered craft if the business is carried on by an Indian company and the business so carried on is for the time being approved for the purposes of this clause by the Central Government";

(ii) in the *Explanation*, for the words, brackets, figures and letter "this sub-section and sub-sections (2B) and (4)", the words, brackets, figures and letters "this sub-section and sub-sections (2B), (2C) and (4)" shall be substituted with effect from the 1st day of June, 1983;

(b) after sub-section (2B), the following sub-section shall be inserted with effect from the 1st day of June, 1983, namely:—

(2C) Where any new machinery or plant, being machinery or plant which would assist in control of pollution or protection of environment and which has been notified in this behalf by the Central Government in the Official Gazette, is installed after the 31st day of May, 1983 in any industrial undertaking referred to in sub-clause (i) or sub-clause (ii) or sub-clause (iii) of clause (b) of sub-section (2), the provisions of sub-section (1) shall have effect in relation to such machinery or plant as if for the words "twenty-five per cent.", the words "thirty-five per cent." had been substituted.'

Amendment of section 35.

12. In section 35 of the Income-tax Act, in sub-section (2A), after the words "pays any sum", the brackets and words "(being any sum paid with a specific direction that the sum shall not be used for the acquisition of any land or building or construction of any building)" shall be inserted with effect from the 1st day of April, 1984.

Amendment of section 35B.

13. In section 35B of the Income-tax Act, in sub-section (1), in clause (a), after the words, figures and letters "after the 29th day of

February, 1968", the words, figures and letters "but before the 1st day of March, 1983" shall be inserted.

14. In section 35C of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1984, —

Amendment of
section 35C.

(a) in clause (a), the words "a sum equal to one and one-fifth times" shall be omitted;

(b) in the *Explanation*, for the words "expenditure with reference to which deduction under this section is to be allowed", the words "expenditure which is to be allowed as deduction under this section" shall be substituted.

15. In section 35CC of the Income-tax Act, for sub-section (3), the following sub-section shall be substituted, namely:—

Amendment of
section 35CC.

"(3) No deduction shall be allowed in respect of the expenditure on any programme referred to in sub-section (1) unless the following conditions are satisfied, namely:—

(a) the assessee has obtained the approval of the prescribed authority in respect of such programme under sub-section (1) before the 1st day of March, 1983;

(b) such programme involves work by way of construction of any building or other structure (whether for use as a dispensary, school, training or welfare centre, workshop or for any other purpose) or the laying of any road or the construction or boring of a well or tube-well or the installation of any plant or machinery, and such work has commenced before the 1st day of March, 1983;

(c) the expenditure on such programme is incurred, in a case where the approval of the prescribed authority in respect of such programme has been granted under sub-section (1) for a specified period, before the expiry of that period and, in any other case, before the 1st day of March, 1984;

(d) the assessee furnishes, along with the return of income for the assessment year for which the deduction is claimed, a statement of such expenditure in the prescribed form duly signed and verified by an accountant as defined in the *Explanation* below sub-section (2) of section 288 and setting forth such particulars as may be prescribed. ".

16. In section 35CCA of the Income-tax Act, —

Amendment
of section
35CCA.

(a) in sub-section (1), —

(i) in clause (b), the word "or" shall be added at the end;

(ii) after clause (b) the following clause shall be inserted, namely:—

"(c) to a rural development fund set up and notified by the Central Government in this behalf, ";

(b) for sub-section(2), the following sub-sections shall be substituted, namely:—

"(2) The deduction under clause (a) of sub-section (1) shall not be allowed in respect of expenditure by way of payment of any sum to any association or institution referred to in the said clause unless the assessee furnishes a certificate from such association or institution to the effect that —

(a) the programme of rural development had been approved by the prescribed authority before the 1st day of March, 1983; and

(b) such programme involves work of the nature referred to in clause (b) of sub-section (3) of section 35CC and such work has commenced before the 1st day of March, 1983.

(2A) The deduction under clause (b) of sub-section (1) shall not be allowed in respect of expenditure by way of payment of any sum to any association or institution unless the assessee furnishes a certificate from such association or institution to the effect that —

(a) the prescribed authority had approved the association or institution before the 1st day of March, 1983; and

(b) the training of persons for implementing any programme of rural development had been started by the association or institution before the 1st day of March, 1983.

(2B) No certificate of the nature referred to in sub-section (2) or sub-section (2A) shall be issued by any association or institution unless such association or institution has obtained from the prescribed authority authorisation in writing to issue certificates of such nature.".

Amendment of 17. In section 37 of the Income-tax Act, —
section 37.

(i) in sub-section (2A) —

(i) for clauses (iii) and (iv), the following shall be substituted with effect from the 1st day of April, 1984, namely:—

"(iii) on the balance of the profits and gains of the business or profession (computed in the manner aforesaid)	at the rate of 1/8 per cent.,
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so, however, that the allowance shall in no case exceed
Rs.50,000: ";

(ii) the *Explanation* shall be numbered and shall be deemed to have been numbered with effect from the 1st day of April, 1976 as *Explanation 1* and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1976, namely:—

'Explanation 2.— For the removal of doubts, it is hereby declared that for the purposes of this sub-section, "entertainment expenditure" includes expenditure on provision of hospitality of every kind by the assessee to any person, whether by way of provision of food or beverages or in any other manner whatsoever

and whether or not such provision is made by reason of any express or implied contract or custom or usage of trade, but does not include expenditure on food or beverages provided by the assessee to his employees in office, factory or other place of their work.';

(b) after sub-section (3), the following sub-sections shall be inserted with effect from the 1st day of April, 1984, namely:—

(3A) Notwithstanding anything contained in sub-section (1), where the assessee incurs any expenditure on any one or more of the items specified in sub-section (3B), twenty per cent. of such expenditure or, as the case may be, aggregate expenditure shall not be allowed as deduction in computing the income chargeable under the head "Profits and gains of business or profession".

(3B) The expenditure referred to in sub-section (3A) is that incurred on —

(i) advertisement, publicity and sales promotion; or

(ii) travel by rail, motor car, ship, powered craft or aircraft; or

(iii) running and maintenance of aircraft and motor cars; or

(iv) payments made to hotels.

Explanation.— For the purposes of sub-sections (3A) and (3B),—

(a) the expenditure specified in clause (i) to clause (iv) of sub-section (3B) shall be the aggregate amount of expenditure incurred by the assessee as reduced by so much of such expenditure as is not allowed under any other provision of this Act;

(b) expenditure on advertisement, publicity and sales promotion shall not include remuneration paid to employees of the assessee engaged in one or more of the said activities;

(c) expenditure on running and maintenance of aircraft and motor cars shall include,—

(i) expenditure incurred on chartering any aircraft and expenditure on hire charges for engaging cars plying for hire;

(ii) conveyance allowance paid to employees and, where the assessee is a company, conveyance allowance paid to its directors also.

(3C) Nothing contained in sub-section (3A) shall apply in respect of expenditure incurred by an assessee, being a domestic company, or a person (other than a company) who is resident in India in respect of expenditure incurred wholly and exclusively on —

(i) advertisement, publicity and sales promotion outside India in respect of the goods, services or facilities which the assessee deals in or provides in the course of his business;

(ii) travelling outside India for the promotion of the sale outside India of such goods, services or facilities, including travelling outward from, and return to, India;

(iii) running and maintenance of motor cars in any branch, office or agency maintained outside India for the promotion of the sale outside India of such goods, services or facilities.

(3D) No disallowance under sub-section (3A) shall be made —

(i) in the case of an assessee engaged in the business of operation of aircraft, in respect of expenditure incurred on running and maintenance of such aircraft;

(ii) in the case of an assessee engaged in the business of running motor cars on hire, in respect of expenditure incurred in running and maintenance of such motor cars.';

(c) after sub-section (4), the following sub-section shall be inserted and shall be deemed to have been inserted with effect from the 1st day of April, 1979, namely:—

"(5) For the removal of doubts, it is hereby declared that any accommodation, by whatever name called, maintained, hired, reserved or otherwise arranged by the assessee for the purpose of providing lodging or boarding and lodging to any person (including any employee or, where the assessee is a company, any director of, or the holder of any other office in, the company) on tour or visit to the place at which such accommodation is situated, is accommodation in the nature of a guest house within the meaning of sub-section (4).".

Insertion of
new section
43B.

18. In the Income-tax Act, after section 43A, the following section shall be inserted with effect from the 1st day of April, 1984, namely:—

Certain
deductions
to be only
on actual
payment.

"43B. Notwithstanding anything contained in any other provision of this Act, a deduction otherwise allowable under this Act in respect of —

(a) any sum payable by the assessee by way of tax or duty under any law for the time being in force, or

(b) any sum payable by the assessee as an employer by way of contribution to any provident fund or superannuation fund or gratuity fund or any other fund for the welfare of employees,

30

shall be allowed (irrespective of the previous year in which the liability to pay such sum was incurred by the assessee according to the method of accounting regularly employed by him) only in computing the income referred to in section 28 of that previous year in which such sum is actually paid by him.".

Amendment of
section 44D.

19. In section 44D of the Income-tax Act, with effect from the 1st day of June, 1983.—

(a) in clauses (a) and (b), for the portion beginning with the words "from an Indian concern" and ending with the words "with the Indian concern", the following shall be substituted, namely:—

"from Government or an Indian concern in pursuance of an agreement made by the foreign company with Government or with the Indian concern";

(b) after clause (b) and before the *Explanation*, the following clause shall be inserted, namely:—

"(c) no deduction in respect of any expenditure or allowance shall be allowed under any of the said sections in computing income

by way of interest received from Government or an Indian concern on moneys borrowed or debt incurred by the Government or the Indian concern in foreign currency.";

(c) in the *Explanation*, in clause (d), for the portion beginning with the words "from an Indian concern" and ending with the words "with the Indian concern", the following shall be substituted, namely:—

"from Government or an Indian concern in pursuance of an agreement made by a foreign company with Government or the Indian concern.".

20. In section 54E of the Income-tax Act,—

Amendment of
section 54E.

(a) in sub-section (1),—

(i) after clause (b) and before *Explanation 1*, the following proviso shall be inserted, namely:—

"Provided that in a case where the original asset is transferred after the 28th day of February, 1983, the provisions of this sub-section shall not apply unless the assessee has invested or deposited the whole or as the case may be any part of the net consideration in the new asset by initially subscribing to such new asset.";

(ii) in *Explanation 1*,—

(A) in clause (b), after the words, figures and letters "after the 28th day of February, 1979", the words, figures and letters "but before the 1st day of March, 1983" shall be inserted;

(B) after clause (b), the following clause shall be inserted, namely:—

"(c) in a case where the original asset is transferred after the 28th day of February, 1983, any of the following assets, namely:—

(i) securities of the Central Government which that Government may, by notification in the Official Gazette, specify in this behalf;

(ii) special series of units of the Unit Trust of India established under the Unit Trust of India Act, 1963, which the Central Government may, by notification in the Official Gazette, specify in this behalf;

(iii) such National Rural Development Bonds as have been notified under clause (b) of *Explanation 1* or as may be notified in this behalf under this clause by the Central Government;

(iv) such debentures issued by the Housing and Urban Development Finance Corporation Limited (a Government company as defined in section 617 of the Companies Act, 1956), as the Central Government may, by notification in the Official Gazette, specify in this behalf.",

52 of 1963.

1 of 1956.

(b) in sub-section (2), the *Explanation* shall be numbered as *Explanation 1* and after *Explanation 1* as so numbered, the

following *Explanation* shall be inserted, namely:—

'Explanation 2.— In a case where the original asset is transferred after the 28th day of February, 1983 and the assessee invests the whole or any part of the net consideration in respect of the original asset in any new asset and such assessee takes any loan or advance on the security of such new asset, he shall be deemed to have converted (otherwise than by transfer) such new asset on the date on which such loan or advance is taken.';

(c) in sub-section (3), in the *Explanation*, in clause (iiiA), after sub-clause (b), the following sub-clause shall be inserted, namely:—

*"(c) in relation to any additional compensation or additional consideration received after the 28th day of February, 1983, in any of the assets referred to in clause (c) of *Explanation 1* below sub-section (1) by way of initial subscription thereto;".*

Amendment of section 80C. 21. In section 80C of the Income-tax Act, with effect from the 1st day of April, 1984, —

(a) in sub-section (2), —

(i) for clause (b) (occurring before the *Explanation*), the following clause shall be substituted, namely:—

"(b) where the assessee is a Hindu undivided family, —

(i) any sums paid in the previous year by the assessee out of its income chargeable to tax —

(1) to effect or to keep in force an insurance on the life of any member of the family; or

(2) as a contribution to any provident fund referred to in sub-clause (iv) of clause (a), where such contribution is to an account standing in the name of any member of the family; or

(ii) any sums deposited in the previous year by the assessee out of its income chargeable to tax in a ten-year account or a fifteen-year account under the Post Office Savings Bank (Cumulative Time Deposits) Rules, 1959, as amended from time to time, where such sums are deposited in an account standing in the name of any member of the family.";

(ii) in the *Explanation* below clause (b), for the word, brackets and letter "clause (b)", the words, brackets, figure and letter "sub-clause (i) of clause (b)" shall be substituted,

(b) in sub-section (4), for clauses (i) to (iv), the following clauses shall be substituted, namely:—

"(i) in the case of an individual, being an author, playwright, artist, musician, actor or sportsman (including an athlete), sixty thousand rupees;

(ii) in the case of any other individual or a Hindu undivided family or any such association of persons or a body of individuals as is referred to in clause (g) of sub-section (2), forty thousand rupees."

22. In section 80GG of the Income-tax Act, for the proviso, the following proviso shall be substituted with effect from the 1st day of April, 1984, namely:-

Amendment of
section 80GG.

"Provided that nothing in this section shall apply to an assessee in any case where any residential accommodation is, —

(i) owned by the assessee or by his spouse or minor child or, where such assessee is a member of a Hindu undivided family, by such family, at the place where he ordinarily resides or performs duties of his office or employment or carries on his business or profession; or

(ii) owned by the assessee at any other place, being accommodation in the occupation of the assessee, the value of which is to be determined under clause (i) or, as the case may be, clause (ii) of sub-section (2) of section 23.".

23. In section 80GGA of the Income-tax Act, in sub-section (2), —

Amendment
of section
80GGA.

(a) in clause (b), for the proviso, the following proviso shall be substituted, namely:—

"Provided that the assessee furnishes the certificate referred to in sub-section (2) or, as the case may be, sub-section (2A) of section 35CCA from such association or institution. ";

(b) after clause (c), the following clause shall be inserted, namely:—

"(d) any sum paid by the assessee in the previous year to a rural development fund set up and notified by the Central Government for the purposes of clause (c) of sub-section (1) of section 35CCA. ".

14 of 1982.

24. In the Income-tax Act, after section 80HHC (directed to be inserted by section 18 of the Finance Act, 1982), the following section shall be inserted, namely:—

Insertion of
new section
80HHC.

'80HHC. (1) Where the assessee, being an Indian company or a person (other than a company) who is resident in India, exports out of India during the previous year relevant to an assessment year any goods or merchandise to which this section applies, there shall, in accordance with and subject to the provisions of this section, be allowed, in computing the total income of the assessee, a deduction of an amount equal to five per cent. of the amount by which the export turnover of such goods or merchandise during the previous year exceeds the export turnover of the goods or merchandise during the immediately preceding previous year.

Deduction
in respect
of export
turnover.

(2) (a) This section applies to all goods or merchandise /other than those specified in clause (b)/ if the sale proceeds of such goods or merchandise exported out of India are receivable by the assessee in convertible foreign exchange.

(b) The goods or merchandise referred to in clause (a) are the following, namely:—

(i) agricultural primary commodities, not being produce of plantations;

- (ii) mineral oil;
- (iii) minerals and ores; and
- (iv) such other goods or merchandise as the Central Government may, by notification in the Official Gazette, specify in this behalf.

(3) No deduction under sub-section (1) shall be allowed unless the assessee had, during the immediately preceding previous year, exported out of India goods or merchandise to which this section applies.

Explanation. — For the purposes of this section, —

(a) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder;

46 of 1973.

(b) "export turnover" means the sale proceeds of any goods or merchandise exported out of India, but does not include freight or insurance attributable to the transport of the goods or merchandise beyond the customs station as defined in the Customs Act, 1962.'.

52 of 1962.

Amendment of 25. In section 80-I of the Income-tax Act, with effect from the 1st section 80-I. day of April, 1984, —

(a) in sub-section (1), —

(i) in the opening portion, after the words "business of a hotel", the words "or the business of repairs to ocean-going vessels or other powered craft" shall be inserted;

(ii) in the proviso, for the words "shall have effect", the words "shall have effect in relation to profits and gains derived from an industrial undertaking or a ship or the business of a hotel" shall be substituted;

(b) after sub-section (4), the following sub-section shall be inserted, namely:—

"(4A) This section applies to the business of repairs to ocean-going vessels or other powered craft which fulfils all the following conditions, namely:—

(i) the business is not formed by the splitting up, or the re-construction, of a business already in existence;

(ii) it is not formed by the transfer to a new business of machinery or plant previously used for any purpose;

(iii) it is carried on by an Indian company and the work by way of repairs to ocean-going vessels or other powered craft has been commenced by such company after the 31st day of March, 1983 but before the 1st day of April, 1988; and

(iv) it is for the time being approved by the Central Government.";

(c) in sub-section (5),—

(i) in the opening portion, after the words "hotel starts functioning", the words "or the company commences work by way of repairs to ocean-going vessels or other powered craft" shall be inserted;

(ii) after the proviso, the following proviso shall be inserted, namely:—

'Provided further that in the case of an assessee carrying on the business of repairs to ocean-going vessels or other powered craft, the provisions of this sub-section shall have effect as if for the words "seven assessment years", the words "four assessment years" had been substituted.';

(d) in sub-section (6), after the word "hotel", at both the places where it occurs, the words "or the business of repairs to ocean-going vessels or other powered craft" shall be inserted;

(e) in sub-section (8), after the words "operation of the ship", wherever they occur, the words "or the business of repairs to ocean-going vessels or other powered craft" shall be inserted;

(f) in sub-section (9), after the word "ship", wherever it occurs, the words "or the business of repairs to ocean-going vessels or other powered craft" shall be inserted.

26. Section 80JJ of the Income-tax Act shall be omitted with effect from the 1st day of April, 1984.

Omission of section 80JJ.

27. Section 80JJA of the Income-tax Act shall be omitted with effect from the 1st day of April, 1984.

Omission of section 80JJA.

28. In section 80L of the Income-tax Act, in sub-section (1), with effect from the 1st day of April, 1984, —

Amendment of section 80L.

(a) after clause (vi), the following clause shall be inserted, namely:—

"(via) interest on deposits with any such bank, not being a banking company or a co-operative society referred to in clause (vi) but being a bank established by or under any law made by Parliament, as may be approved by the Central Government for the purposes of this clause;";

(b) for the portion beginning with the words "a deduction as specified hereunder" and ending with the words "shall not exceed two thousand rupees" (directed to be substituted by section 19 of the Finance Act, 1982), the following shall be substituted, namely:—

"a deduction as specified hereunder, namely:—

(1) in a case where the amount of such income does not exceed in the aggregate seven thousand rupees, the whole of such amount; and

(2) in any other case, seven thousand rupees.".

14 of 1982.

29. Section 80MM of the Income-tax Act shall be omitted with effect from the 1st day of April, 1984.

Omission of section 80MM.

Amendment of section 80P.

30. In section 80P of the Income-tax Act, in sub-section (2), for clause (b), the following clause shall be substituted with effect from the 1st day of April, 1984, namely:—

“(b) in the case of a co-operative society, being a primary society engaged in supplying milk, oilseeds, fruits or vegetables raised or grown by its members to —

(i) a federal co-operative society, being a society engaged in the business of supplying milk, oilseeds, fruits or vegetables, as the case may be; or

(ii) the Government or a local authority; or

(iii) a Government company as defined in section 617 of the Companies Act, 1956 or a corporation established by or under a Central, State or Provincial Act (being a company or corporation engaged in supplying milk, oilseeds, fruits or vegetables, as the case may be, to the public),

1 of 1956.

the whole of the amount of profits and gains of such business”.

Amendment of section 80R.

31. In section 80R of the Income-tax Act, for the words "such other association or body established outside India as may be notified in this behalf by the Central Government in the Official Gazette", the words "any other association or body established outside India" shall be substituted with effect from the 1st day of April, 1984.

Insertion of new Chapter VIB.

32. In the Income-tax Act, after Chapter VIA, the following Chapter shall be inserted with effect from the 1st day of April, 1984, namely:—

"CHAPTER VIB

RESTRICTION ON CERTAIN DEDUCTIONS IN THE CASE OF COMPANIES

Restriction on certain deductions in the case of companies.

80VVA. (1) Notwithstanding anything contained in any other provision of this Act, where in the case of an assessee being a company, the amount or, as the case may be, the aggregate amount which, but for the provisions of this section, would have been admissible as deduction for any assessment year under any one or more of the provisions of this Act specified in sub-section (2) exceeds seventy per cent. of the amount of total income as computed had no deduction been allowed under any of the said provisions (such total income being hereinafter referred to as the pre-incentive total income), the amount or, as the case may be, the aggregate amount to be allowed as deduction for that year in respect of any one or more of the said provisions shall be restricted, in the manner specified in sub-section (3), to seventy per cent. of the pre-incentive total income.

(2) The provisions referred to in sub-section (1) shall be the following, namely:—

(i) clause (iii) of sub-section (1) of section 35;

(ii) clause (ia) of sub-section (2) of section 35;

(iii) sub-section (2A) of section 35, to the extent to which the deduction under the said sub-section exceeds the sum paid by the assessee;

(iv) sub-section (2B) of section 35, to the extent to which the deduction under the said sub-section exceeds the expenditure incurred by the assessee;

(v) section 35C;

(vi) section 35CC;

(vii) section 35CCA;

(viii) section 35CCB;

(ix) clause (ii) of sub-section (2) of section 33;

(x) clause (ii) of sub-section (2) of section 33A;

(xi) clause (i) of sub-section (2) of section 33A;

(xii) clause (ii) of sub-section (3) of section 32A;

(xiii) clause (i) of sub-section (3) of section 32A;

(xiv) section 80G;

(xv) clause (b) of sub-section (2) of section 80GGA;

(xvi) clause (c) of sub-section (2) of section 80GGA;

(xvii) section 80HH;

(xviii) section 80HHA;

(xix) section 80HHB;

(xx) section 80HHC;

(xxi) section 80-I;

(xxii) section 80J;

(xxiii) section 80K;

(xxiv) section 80M;

(xxv) section 80N;

(xxvi) section 80O; and

(xxvii) section 80QQ.

(3) The deduction under the provisions specified in sub-section (2) shall, for the purposes of restricting under sub-section (1), the amount or, as the case may be, the aggregate amount of deduction, under those provisions, be allowed in the order in which the said provisions have been specified in sub-section (2), and accordingly —

(a) deduction shall first be allowed under the provision specified in clause (i) of sub-section (2); and

(b) if no deduction is allowable under the provision specified in the said clause (i) or the deduction allowable under that

provision is less than seventy per cent. of the pre-incentive total income, deduction shall next be allowed under the provision specified in clause (ii) of sub-section (2); and

(c) if no deduction is allowable under the provision specified in the said clause (ii), or the deduction under that provision together with the deduction allowed under the provision referred to in the said clause (i), is less than seventy per cent. of the pre-incentive total income, deduction shall next be allowed under the provision specified in clause (iii) of sub-section (2) and so on until the aggregate deduction so allowed is equal to seventy per cent. of the pre-incentive total income.

(4) To the extent to which full deduction cannot be allowed in the assessment year in respect of any provision specified in sub-section (2), by virtue only of the restriction under sub-section (1) (and not by virtue of anything contained in any other section), the amount remaining unallowed shall be added to the amount, if any, to be allowed to the assessee under the said provision for the next following assessment year and be deemed to be part of the deduction admissible to the assessee under the said provision for that year or, if no such deduction is admissible to the assessee for that year, be deemed to be the deduction admissible to the assessee for that year, and so on for succeeding assessment years. ".

Omission of
section 89A.

33. Section 89A of the Income-tax Act shall be omitted with effect from the 1st day of April, 1983.

Amendment of
section 109.

34. In section 109 of the Income-tax Act, in clause (ib), for the *Explanation*, the following *Explanation* shall be substituted with effect from the 1st day of April, 1984, namely:—

'Explanation.—In this clause and in sub-clause (3) of clause (ii), the expression "provision of technical know-how" means,—

(i) the transfer of all or any rights (including the granting of a licence) in respect of a patent, invention, model, design, secret formula or process or similar property;

(ii) the imparting of any information concerning the working of, or the use of, a patent, invention, model, design, secret formula or process or similar property;

(iii) the use of any patent, invention, model, design, secret formula or process or similar property;

(iv) the imparting of any information concerning industrial, commercial or scientific knowledge, experience or skill;'.

Amendment of
section 115A.

33. In section 115A of the Income-tax Act, in sub-section (1), with effect from the 1st day of June, 1983, —

(a) after clause (a), the following clause shall be inserted, namely:—

"(aa) interest received from Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency; or";

(b) for clause (b), the following clause shall be substituted, namely:—

"(b) royalty or fees for technical services received from Government or an Indian concern in pursuance of an agreement made by the foreign company with Government or the Indian concern after the 31st day of March, 1976, and where such agreement is with an Indian concern, such agreement is approved by the Central Government, ";

(c) after clause (i), the following clause shall be inserted, namely:—

"(ia) the amount of income-tax calculated on the income by way of interest referred to in clause (aa), if any, included in the total income, at the rate of twenty-five per cent.;";

(d) in clause (iv), for the words, brackets and letter "and clause (b)", the words, brackets and letters "clause (aa) and clause (b)" shall be substituted;

(e) in the *Explanation*, after clause (b), the following clause shall be inserted, namely:—

'(bb) "foreign currency" shall have the same meaning as in the *Explanation* below item (g) of sub-clause (iv) of clause (15) of section 10;';

36. In the Income-tax Act, after Chapter XII, the following Chapter shall be inserted with effect from the 1st day of June, 1983, namely:—

Insertion of
new Chapter
XII-A.

'CHAPTER XII-A

SPECIAL PROVISIONS RELATING TO CERTAIN INCOMES OF NON-RESIDENTS

115C. In this Chapter, unless the context otherwise requires,—

Definitions.

46 of 1973.

(a) "convertible foreign exchange" means foreign exchange which is for the time being treated by the Reserve Bank of India as convertible foreign exchange for the purposes of the Foreign Exchange Regulation Act, 1973, and any rules made thereunder;

(b) "foreign exchange asset" means any specified asset which the assessee has acquired, purchased with, or subscribed to, in convertible foreign exchange;

(c) "investment income" means any income derived from a foreign exchange asset;

(d) "long-term capital gains" means income chargeable under the head "Capital gains" relating to a capital asset, being a foreign exchange asset which is not a short-term capital asset;

(e) "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident".

Explanation — A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India;

(f) "specified asset" means any of the following assets, namely:—

(i) shares in an Indian company;

(ii) debentures issued by an Indian company which is not a private company as defined in the Companies Act, 1956;

(iii) deposits with an Indian company which is not a private company as defined in the Companies Act, 1956;

1 of 1956.

(iv) any security of the Central Government as defined in clause (2) of section 2 of the Public Debt Act, 1944;

18 of 1944.

(v) units of the Unit Trust of India established under the Unit Trust of India Act, 1963;

52 of 1963.

(vi) such other assets as the Central Government may specify in this behalf by notification in the Official Gazette.

Special provision for computation of investment income of non-residents.

Tax on investment income and long-term capital gains.

115D. No deduction in respect of any expenditure or allowance shall be allowed under any provision of this Act in computing the investment income of a non-resident Indian.

115E. (1) Where the total income of an assessee, being a non-resident Indian, consists only of investment income or income by way of long-term capital gains or both, the tax payable by him on his total income shall be the amount of income-tax calculated on such total income at the rate of twenty per cent. of such income as increased by a surcharge for purposes of the Union at the rate of twelve and a half per cent. of such income-tax.

(2) Where the total income of an assessee, being a non-resident Indian includes any income referred to in sub-section (1), the tax payable by him on his total income shall be—

(i) the aggregate of the income-tax and surcharge payable by him in accordance with the provisions of sub-section (1) on income of the nature referred to in that sub-section included in the total income; plus

(ii) the amount of income-tax chargeable on the total income as reduced by the amount of income of the nature referred to in sub-section (1), had the total income so reduced been his total income.

Capital gains on transfer of foreign exchange assets not to be charged in certain cases.

115F. (1) Where, in the case of an assessee being a non-resident Indian, any long-term capital gains arise from the transfer of a foreign exchange asset (the asset so transferred being hereafter in this section referred to as the original asset), and the assessee has, within a period of six months after the date of such transfer, invested or deposited the whole or any part of the net consideration in any specified asset or in an Account referred to in clause (4A), or in any savings certificates referred to in clause (4B), of section 10 (such specified asset or such deposit in the Account aforesaid or such savings certificates being hereafter in this section referred to as the new asset), the capital gain shall be dealt with in accordance with the following provisions of this section, that is to say,—

(a) if the cost of the new asset is not less than the net consideration in respect of the original asset, the whole of such capital gain shall not be charged under section 45;

(b) if the cost of the new asset is less than the net consideration in respect of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the new asset bears to the net consideration shall not be charged under section 45.

Explanation.— For the purposes of this sub-section,—

(i) "cost", in relation to any new asset, being a deposit referred to in clause (4A) of section 10 or referred to in sub-clause (iii), or specified under sub-clause (m), of clause (f) of section 115C, means the amount of such deposit;

(ii) "net consideration", in relation to the transfer of the original asset, means the full value of the consideration received or accruing as a result of the transfer of such asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

(2) Where the new asset is transferred or converted (otherwise than by transfer) into money, within a period of three years from

its acquisition, the amount of capital gain arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such new asset as provided in clause (a) or, as the case may be, clause (h) of sub-section (1) shall be deemed to be income chargeable under the head "Capital gains" relating to capital assets other than short-term capital assets of the previous year in which the new asset is transferred or converted (otherwise than by transfer) into money.

115G. It shall not be necessary for a non-resident Indian to furnish under sub-section (1) of section 139 a return of his income if—

Return of income
not to be filed in
certain cases.

(a) his total income in respect of which he is assessable under this Act during the previous year consisted only of investment income or income by way of long-term capital gains or both; and

(b) the tax deductible at source under the provisions of Chapter XVII-B has been deducted from such income.

115H. Where a person, who is a non-resident Indian in any previous year, becomes assessable as resident in India in respect of the total income of any subsequent year, he may furnish to the Income-tax Officer a declaration in writing along with his return of income under section 139 for the assessment year for which he is so assessable, to the effect that the provisions of this Chapter shall continue to apply to him in relation to the investment income derived from any foreign exchange asset being an asset of the nature referred to in sub-clause (ii) or sub-clause (iii) or sub-clause (iv) or sub-clause (vi) of clause (f) of section 115C; and if he does so, the provisions of this Chapter shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.

Benefit under
Chapter to be
available in
certain cases
even after the
assessee
becomes
resident.

115-I. A non-resident Indian may elect not to be governed by the provisions of this Chapter for any assessment year by furnishing to the Income-tax Officer his return of income for that assessment year under section 139 together with a declaration in writing to the effect that the provisions of this Chapter shall not apply to him for that assessment year and if he does so, the provisions of this Chapter shall not apply to him for that assessment year and his total income for that assessment year shall be computed and tax on such total income shall be charged in accordance with the other provisions of this Act.'

Chapter not
to apply if
the assessee
so chooses.

37. In section 164 of the Income-tax Act, with effect from the 1st day of April, 1984,—

Amendment of
section 164.

(a) In sub-section (2), after the word and figure "section 2", the words, brackets and figures "or which is of the nature referred to in sub-section (4) of section 11," shall be inserted;

(b) in sub-section (3), in the opening portion, after the word and figure "section 2", the words, brackets and figures "or is of the nature referred to in sub-section (4) of section 11," shall be inserted.

38. In section 280ZA of the Income-tax Act, with effect from the 1st day of April, 1984,—

Amendment of
section 280ZA.

(a) in sub-section (2), for the portion beginning with the words "arising from the transfer" and ending with the words "shifting its machinery", the following shall be substituted, namely:—

"arising from the transfer of capital assets, being machinery or plant or buildings or lands or any rights in buildings or lands used

for the purposes of the business of the said undertaking in the urban area, effected in the course of or in consequence of the shifting of such industrial undertaking, namely:—

(a) the amount of expenditure incurred by the company in—

(i) purchasing new machinery or plant for the purposes of the business of the company in the area to which the undertaking is shifted;

(ii) acquiring lands or constructing buildings for the purposes of its business in the said area; and

(iii) shifting its machinery";

(b) In sub-section (4), for the portion beginning with the words "Where a capital asset" and ending with the words "completion of construction", the following shall be substituted, namely:—

"Where a capital asset, being machinery or plant purchased for the purposes of the business of the company in the area to which the undertaking is shifted or building or land, or any right in building or land, acquired, or as the case may be, constructed in the said area, is transferred by the company within a period of five years from the date of purchase, acquisition or, as the case may be, the date of completion of construction".

Consequential amendments to certain sections. 39. The following amendments (being amendments of a consequential nature) shall be made in the Income-tax Act, namely:—

(a) in sub-section (3) of section 11, for clause (b), the following clause shall be substituted, namely:—

"(b) ceases to remain invested or deposited in any of the forms or modes specified in sub-section (5), or";

(b) in sub-section (3) of section 80A —

(i) after the words, figures and letters "or section 80HBB", the words, figures and letters "or section 80HCC" shall be inserted;

(ii) the words, figures and letters "or section 80JJ or section 80JJA" shall be omitted with effect from the 1st day of April, 1984;

(c) in sub-section (3) of section 80P—

(i) after the words, figures and letters "or section 80HBB", the words, figures and letters "or section 80HCC" shall be inserted;

(ii) the words, figures and letters "or section 80JJ or section 80JJA" shall be omitted with effect from the 1st day of April, 1984;

(iii) for the words, figures and letters "section 80HBB, section 80-I", the words, figures and letters "section 80HRR, section 80HCC, section 80-I" shall be substituted;

(iv) for the words, figures and letters "section 80J, section 80JJ and section 80JJA", the words, figures and letter "and section 80J" shall be substituted with effect from the 1st day of April, 1984.

Wealth-tax

Revival of levy of wealth-tax in the case of closely-held companies. 40 (1) Notwithstanding anything contained in section 13 of the Finance Act, 1960, relating to exemption of companies from levy of wealth-tax under the Wealth-tax Act, 1957 (hereinafter referred to as the Wealth-tax Act), wealth-tax shall be charged under the Wealth-tax Act for every assessment

13 of 1960.

27 of 1957.

year commencing on and from the 1st day of April, 1984 in respect of the net wealth on the corresponding valuation date of every company, not being a company in which the public are substantially interested, at the rate of two per cent. of such net wealth.

Explanation. — For the purposes of this sub-section, "company in which the public are substantially interested" shall have the meaning assigned to it in clause (18) of section 2 of the Income-tax Act.

(2) For the purposes of sub-section (1), the net wealth of a company shall be the amount by which the aggregate value of all the assets referred to in sub-section (3), wherever located, belonging to the company on the valuation date is in excess of the aggregate value of all the debts owed by the company on the valuation date which are secured on, or which have been incurred in relation to, the said assets:

Provided that where any debt secured on any asset belonging to the assessee is incurred for, or enures to, the benefit of any other person, or is not represented by any asset belonging to the assessee, the value of such debt shall not be taken into account in computing the net wealth of the assessee.

(3) The assets referred to in sub-section (2) shall be the following, namely —

(i) gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals;

(ii) precious or semi-precious stones whether or not set in any furniture, utensil or other article or worked or sewn into any wearing apparel;

(iii) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals, whether or not containing any precious or semi-precious stone, and whether or not worked or sewn into any wearing apparel;

(iv) utensils made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals;

(v) land other than agricultural land;

(vi) building or land appurtenant thereto, other than building or part thereof used by the assessee as factory, godown, warehouse, hotel or office for the purposes of its business or as residential accommodation for its employees whose income chargeable under the head "Salaries" is ten thousand rupees or less;

(vii) motor-cars; and

(viii) any other asset which is acquired or represented by a debt secured on any one or more of the assets referred to in clause (i) to clause (vii).

(4) The value of any asset specified in sub-section (3) shall, subject to the provisions of sub-section (3) of section 7 of the Wealth-tax Act, be estimated to be the price which, in the opinion of the Wealth-tax Officer, it would fetch if sold in the open market on the valuation date.

(5) For the purposes of the levy of wealth-tax under the Wealth-tax Act, in pursuance of the provisions of this section, —

(a) section 6, clause (a) of sub-section (2) of section 7 and clause (d) of section 45 of that Act and Part II of Schedule I to that Act shall not apply and shall have no effect;

(b) the remaining provisions of that Act shall be construed so as to be in conformity with the provisions of this section.

(6) Nothing in this section shall apply to any institution, association or body, whether incorporated or not and whether Indian or non-Indian, which the Central Government may, having regard to the nature and object of such institution, association or body, specify by notification in the Official Gazette and every notification issued under this sub-section shall be laid, as soon as may be after it is issued, before each House of Parliament.

(7) Subject to the provisions of sub-section (5), this section shall be construed as one with the Wealth-tax Act.

Amendment of section 5. 41. In section 5 of the Wealth-tax Act, in sub-section (1),—

(a) for clause (xa), the following clause shall be substituted with effect from the 1st day of April, 1984, namely:—

"(xa) in the case of an assessee who is carrying on a profession (being legal, medical, engineering or architectural profession or the profession of accountancy or such other profession as is notified by the Central Government in this behalf) and who regularly maintains books of account on the cash system of accounting, the amount of any fee due to him in respect of the services rendered by him in such professional capacity;"

(b) for clause (xvic) [directed to be inserted by sub-clause (v) of clause (a) of section 34 of the Finance Act, 1982], the following clause shall be substituted with effect from the 1st day of April, 1984, namely:—

14 of 1982.

"(xvic) in the case of an individual, being a citizen of India or a person of Indian origin who is not resident in India, during the year ending on the valuation date, any foreign exchange asset.

Explanation. — For the purposes of this clause,—

(a) a person shall be deemed to be of Indian origin if he or either of his parents or any of his grand-parents was born in undivided India;

(b) an individual shall be deemed to be not resident in India during the year ending on the valuation date if in respect of that year the individual is not resident in India within the meaning of the Income-tax Act;

(c) "foreign exchange asset" shall have the meaning assigned to it in clause (b) of section 115C of the Income-tax Act);

(c) in clause (xvid) [directed to be inserted by sub-clause (v) of clause (a) of section 34 of the Finance Act, 1982], for the words "such Capital Investment Bonds", the words "in the case of an individual or a Hindu undivided family, such Capital Investment Bonds" shall be substituted;

14 of 1982.

(d) after clause (xviii), the following clause shall be inserted, namely:—

"(xviii) any property being a medal, trophy or an award in kind received by the assessee for any attainment, work or contribution in

any field if such medal, trophy or award in kind is received by the assessee from Government or from a University established by law or an institution affiliated to such University or from any such institution, association or body as is approved for the purposes of this clause by the Central Government.

Explanation. — Any approval for the purposes of this clause may be given by the Central Government so as to have effect from a date not earlier than the 1st day of April, 1983;".

Gift-tax

18 of 1958.

42. In section 5 of the Gift-tax Act, 1958, in sub-section (1), —

Amendment of
section 5.

14 of 1982.

(a) in clause (ii) / directed to be inserted by clause (a) of section 38 of the Finance Act, 1982 7, for the portion beginning with the words "savings certificates" and ending with the words "rules made thereunder", the following shall be substituted with effect from the 1st day of April, 1984, namely:—

"any foreign exchange asset as defined in clause (b) of section 115C of the Income-tax Act;";

14 of 1982.

(b) in clause (iii) / directed to be inserted by clause (b) of section 38 of the Finance Act, 1982 7, for the words "of property in the form of such Capital Investment Bonds", the words "being an individual or a Hindu undivided family, of property in the form of such Capital Investment Bonds" shall be substituted.

Interest-tax

43. In section 4 of the Interest-tax Act, 1974, the following proviso

Amendment of
section 4.

shall be inserted at the end, namely:—

"Provided that the rate at which interest-tax shall be charged in respect of any chargeable interest accruing or arising after the 31st day of March, 1983 shall be three and a half per cent of such chargeable interest, ".

CHAPTER IV

INDIRECT TAXES

Customs

44. The Customs Tariff Act, 1975 (hereinafter referred to as the Customs Tariff Act), shall be amended in the manner specified in the Second Schedule.

Amendment of
Act 51 of 1975.

52 of 1962.

45. (1) In the case of goods mentioned in the First Schedule to the Customs Tariff Act, or in that Schedule, as amended from time to time, there shall be levied and collected as an auxiliary duty of customs an amount equal to fifty per cent. of the value of the goods as determined in accordance with the provisions of section 14 of the Customs Act, 1962 (hereinafter referred to as the Customs Act).

Auxiliary
duties of
customs.

10 of 1897.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1984, except as respects things done or omitted to be done before such cessation; and section 6 of the General Clauses Act, 1897, shall apply upon such cessation as if the said sub-section had then been repealed by a Central Act.

(3) The auxiliary duties of customs referred to in sub-section (1) shall be in addition to any duties of customs chargeable on such goods under the Customs Act, or any other law for the time being in force.

(4) The provisions of the Customs Act and the rules and regulations made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the auxiliary duties of customs leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of customs on such goods under that Act or those rules and regulations, as the case may be.

Amendment of section 2.

45. In section 2 of the Customs Act, in clause (12), after the words "a customs port", the words, brackets and letters ", and (includes a place appointed under clause (aa) of that section to be an inland container depot" shall be inserted.

Amendment of section 7.

47. In section 7 of the Customs Act, after clause (a), the following clause shall be inserted, namely:—

"(aa) the places which alone shall be inland container depots for the unloading of imported goods and the loading of export goods or any class of such goods;".

Amendment of section 23.

48. In section 23 of the Customs Act, in sub-section (1), —

(a) for the words "Where it is shown", the words and figures "Without prejudice to the provisions of section 13, where it is shown" shall be substituted;

(b) after the words "have been lost", the brackets and words "(otherwise than as a result of pilferage)" shall be inserted.

Amendment of section 25.

49. In section 25 of the Customs Act, after sub-section (2), the following sub-section and *Explanation* shall be inserted, namely:—

'(3) An exemption under sub-section (1) or sub-section (2) in respect of any goods from any part of the duty of customs leviable thereon (the duty of customs leviable thereon being hereinafter referred to as the statutory duty) may be granted by providing for the levy of a duty on such goods at a rate expressed in a form or method different from the form or method in which the statutory duty is leviable and any exemption granted in relation to any goods in the manner provided in this sub-section shall have effect subject to the condition that the duty of customs chargeable on such goods shall in no case exceed the statutory duty.'

Explanation.— "Form or method", in relation to a rate of duty of customs, means the basis, namely, valuation, weight, number, length, area, volume or other measure with reference to which the duty is leviable.'

Amendment of section 61.

50. Section 61 of the Customs Act shall be numbered as sub-section (1) thereof, and —

(a) In sub-section (1), as so numbered, for the words "three years" and "one year", wherever they occur / except the second place at which the words "one year" occur in sub-clause (ii) of that sub-section, the words "one year" and "three months" shall, respectively, be substituted and for the words "one year" at the second place where they occur in

the said sub-clause (ii), the words "six months" shall be substituted;

(b) after sub-section (1) as so numbered, the following sub-section shall be inserted, namely:—

"(2) Where any warehoused goods remain in a warehouse beyond the period of one year or three months specified in clause (a) or clause (b) of sub-section (1) by reason of the extension of the aforesaid period or otherwise, interest at such rate, not exceeding eighteen per cent. per annum, as is for the time being fixed by the Board, shall be payable on the amount of duty on the warehoused goods for the period from the expiry of the period of one year or, as the case may be, three months, till the date of the clearance of the goods from the warehouse.".

51. In section 74 of the Customs Act, in sub-section (1), for the words "exported to any place outside India", the words and figures "entered for export and the proper officer makes an order permitting clearance and loading of the goods for exportation under section 51" shall be substituted.

Amendment of
section 74.

52. In section 75 of the Customs Act, in sub-section (1), for the words "and exported to any place outside India,", the words and figures ", being goods which have been entered for export and in respect of which an order permitting the clearance and loading thereof for exportation has been made under section 51 by the proper officer," shall be substituted.

Amendment of
section 75.

53. In section 76 of the Customs Act, in sub-section (1),—

Amendment of
section 76.

(a) clause (a) shall be omitted;

(b) in clause (c), for the words "five rupees", the words "fifty rupees" shall be substituted.

Excise

54. The First Schedule to the Central Excises and Salt Act, 1944 (hereinafter referred to as the Central Excises Act). —

Amendment of
Act 1 of 1944.

(a) shall be amended in the manner specified in the Third Schedule, and

(b) shall, with effect from such date as the Central Government may, by notification in the Official Gazette, appoint, be also amended in the manner specified in the Fourth Schedule.

55. (1) In the case of goods chargeable with a duty of excise under the Central Excises Act, as amended from time to time, read with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable (not being a notification providing for any exemption for giving credit with respect to, or reduction of duty of excise under the said Act on such goods equal to, any duty of excise under the said Act, or the additional duty under section 3 of the Customs Tariff Act, already paid on the raw material or component parts used in the production or manufacture of such goods), there shall be levied and collected a special duty of excise equal to ten per cent. of the amount so chargeable on such goods.

Special duties
of excise.

(2) Sub-section (1) shall cease to have effect after the 31st day of March, 1984, except as respects things done or omitted to be done before such cesser; and section 8 of the General Clauses Act, 1897, shall apply upon such cesser as if the said sub-section had then been repealed by a Central Act.

10 of 1997.

(3) The special duties of excise referred to in sub-section (1) shall be in addition to any duties of excise chargeable on such goods under the Central Excises Act, or any other law for the time being in force.

(4) The provisions of the Central Excises Act and the rules made thereunder, including those relating to refunds and exemptions from duties, shall, as far as may be, apply in relation to the levy and collection of the special duties of excise leviable under this section in respect of any goods as they apply in relation to the levy and collection of the duties of excise on such goods under that Act or those rules, as the case may be.

**Amendment of
Act 56 of 1957.** 56. The Additional Duties of Excise (Goods of Special Importance) Act, 1957 (hereinafter referred to as the Additional Duties of Excise Act), shall be amended in the manner specified in the Fifth Schedule.

**Amendment of
Act 40 of 1978.** 57. In section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) When goods of the description mentioned in the Schedule chargeable with a duty of excise under the Central Excises and Salt Act, 1944, road with any notification for the time being in force issued by the Central Government in relation to the duty so chargeable (not being a notification providing for any exemption for giving credit with respect to, or reduction of duty of excise under the said Act on such goods equal to, any duty of excise under the said Act, or the additional duty under section 3 of the Customs Tariff Act, 1975, already paid on the raw material used in the production or manufacture of such goods), are assessed to duty, there shall be levied and collected a duty of excise equal to fifteen per cent. of the total amount so chargeable on such goods.".

1 of 1944.

51 of 1975.

CHAPTER V

MISCELLANEOUS

**Amendment of
Act 6 of 1898.** 58. In the First Schedule to the Indian Post Office Act, 1898, for the sub-heading "Parcels" and the entries thereunder, the following shall be substituted, namely:—

<i>"Parcels"</i>	
For a weight not exceeding five hundred grams	Rs. 3. 00
For every five hundred grams or fraction thereof, exceeding five hundred grams	Rs. 3. 00."

**Amendment of
Act 36 of 1974.** 59. In the Compulsory Deposit Scheme (Income-tax Payers) Act, 1974,—

(a) In section 3,—

(i) in sub-section (1), for the figures, letters and words "1st day of April, 1984", the figures, letters and words "1st day of April, 1986" shall be substituted;

(ii) in sub-section (3), for the words "seventy years", the words "sixty-five years" shall be substituted with effect from the 1st day of June, 1983;

(b) In section 4, in sub-section (1), in clause (iv), for the words, figures and letters "and the assessment year commencing on the 1st day of April, 1983", the words, brackets, figures and letters "and every subsequent assessment year (not being an assessment year commencing on or after the 1st day of April, 1986)" shall be substituted,

(c) In section 8, in sub-section (1A), for clauses (i) and (ii), the following clauses shall be substituted with effect from the 1st day of June, 1983, namely:—

"(i) where such individual has attained the age of sixty-five years before the 1st day of April, 1983, on the 1st day of June, 1983; and

(ii) in any other case, on the first day of the financial year immediately succeeding the financial year in which such individual attained sixty-five years of age.".

Declaration under the Provisional Collection of Taxes Act, 1931.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 44 and 45, clause 54 [except sub-clause (b) thereof] and clauses 55, 56 and 57 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

THE FIRST SCHEDULE
(See section 2)

PART I

INCOME-TAX AND SURCHARGE ON INCOME-TAX

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause (31) of section 2 of the Income-tax Act, not being a case to which Sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	Nil,
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 25,000	30 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 3,000 plus 34 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 4,700 plus 40 per cent. of the amount by which the total income exceeds Rs. 30,000;
(5) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	Rs. 12,700 plus 50 per cent. of the amount by which the total income exceeds Rs. 50,000;
(6) where the total income exceeds Rs. 60,000 but does not exceed Rs. 70,000	Rs. 17,700 plus 52.5 per cent. of the amount by which the total income exceeds Rs. 60,000;
(7) where the total income exceeds Rs. 70,000 but does not exceed Rs. 85,000	Rs. 22,950 plus 55 per cent. of the amount by which the total income exceeds Rs. 70,000;
(8) where the total income exceeds Rs. 85,000 but does not exceed Rs. 1,00,000	Rs. 31,200 plus 57.5 per cent. of the amount by which the total income exceeds Rs. 85,000;
(9) where the total income exceeds Rs. 1,00,000	Rs. 39,825 plus 60 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1983 exceeds Rs. 15,000,—

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	Nil;
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	22 per cent. of the amount by which the total income exceeds Rs. 8,000;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,540 plus 27 per cent. of the amount by which the total income exceeds Rs. 15,000;
(4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,890 plus 35 per cent. of the amount by which the total income exceeds Rs. 20,000;
(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,640 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 6,640 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(7) where the total income exceeds Rs. 50,000	Rs. 16,640 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000;

Provided that for the purposes of this Sub-Paragraph,—

- (i) no income-tax shall be payable on a total income not exceeding Rs. 12,000;
- (ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Paragraph B

In the case of every co-operative society,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	<i>Nil;</i>
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 plus 10 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 10,000 plus 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income,—

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	<i>Nil;</i>
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 plus 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 plus 13 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 8,850 plus 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax.

Explanation.— For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of Income-tax computed at the rate hereinbefore specified shall be increased by a surcharge for purposes of the Union calculated at the rate of ten per cent. of such income-tax,

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company,—

(1) where the company is a company in which the public are substantially interested,—

(i) in a case where the total income does not exceed Rs. 1,00,000 45 per cent. of the total income;

(ii) in a case where the total income exceeds Rs. 1,00,000 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested,—

(i) in the case of an industrial company,—

(a) where the total income does not exceed Rs. 2,00,000 55 per cent. of the total income;

(b) where the total income exceeds Rs. 2,00,000 40 per cent. of the total income;

(ii) in any other case 45 per cent. of the total income;

Provided that—

(i) the income-tax payable by a domestic company, being a company in which the public are substantially interested, the total income of which exceeds Rs. 1,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 1,00,000 (the income of Rs. 1,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 1,00,000;

(ii) the income-tax payable by a domestic company, not being a company in which the public are substantially interested, which is an industrial company and the total income of which exceeds Rs. 2,00,000, shall not exceed the aggregate of—

(a) the income-tax which would have been payable by the company if its total income had been Rs. 2,00,000 (the income of Rs. 2,00,000 for this purpose being computed as if such income included income from various sources in the same proportion as the total income of the company); and

(b) eighty per cent. of the amount by which its total income exceeds Rs. 2,00,000.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1970, or

(b) fees for rendering technical services received from an Indian concern in pursuance of an agreement made by it with the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 60 per cent.;

(ii) on the balance, if any, of the total income 70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of two and a half per cent. of such income-tax.

PART II

Rates for deduction of tax at source in certain cases

In every case in which under the provisions of sections 193, 194, 194A, 194B, 194BB, 194D and 195 of the Income-tax Act, tax is to be deducted at the rates in force, deduction shall be made from the income subject to deduction at the following rates:—

	Income-tax	Rate of income-tax	Rate of surcharge
I. In the case of a person other than a company—			
(a) where the person is resident in India—			
(i) on income by way of interest other than "Interest on securities"	10 per cent. Nil;		
(ii) on income by way of winnings from lotteries and crossword puzzles	30 per cent. 3.75 per cent.;		
(iii) on income by way of winnings from horse races	30 per cent. 3.75 per cent.;		
(iv) on income by way of insurance commission	10 per cent. Nil;		
(v) on income by way of interest payable on	10 per cent. Nil;		
(A) any security, other than a tax-free security, of the Central or a State Government;			
(B) any debentures or other securities for money issued by or on behalf of any local authority or a corporation established by a Central, State or Provincial Act;			

	Income-tax Rate of income-tax	Rate of surcharge
(C) any debentures issued by a company where such debentures are listed in a recognised stock exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956, and any rules made thereunder		
(i) on any other income (excluding interest payable on a tax-free security)	20 per cent. 2.5 per cent.;	
(ii) where the person is not resident in India—		
(i) in the case of a non-resident Indian—		
(A) on investment income and long-term capital gains	20 per cent. 2.5 per cent.;	
(B) on income by way of interest payable on a tax-free security	15 per cent. 1.875 per cent.;	
(C) on the whole of the other income		income-tax at 30 per cent. and surcharge at 3.75 per cent. of the amount of the income, or income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher;
(ii) in the case of any other person—		
(A) on the whole of income (excluding interest payable on a tax-free security)		income-tax at 30 per cent. and surcharge at 3.75 per cent. of the amount of income, or income-tax and surcharge on income-tax in respect of the income at the rates prescribed in Sub-Paragraph I of Paragraph A of Part III of this Schedule, if such income had been the total income, whichever is higher;
(B) on income by way of interest payable on a tax-free security	15 per cent. 1.875 per cent.;	
2. In the case of a company—		
(a) where the company is a domestic company—		
(i) on income by way of interest other than "Interest on securities"	20 per cent. 1 per cent.;	
(ii) on any other income (excluding interest payable on a tax-free security)	21.5 per cent. 1.075 per cent.;	

	Income-tax	
	Rate of income-tax	Rate of surcharge
(b) where the company is not a domestic company—		
(i) on income by way of dividends payable by any domestic company	25 per cent.	<i>Nil</i> ;
(ii) on income by way of interest payable by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency	25 per cent.	<i>Nil</i> ;
(iii) on income by way of royalty payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1976, where such royalty is in consideration for the transfer of all or any rights (including the granting of a licence) in respect of copyright in any book on a subject referred to in the proviso to sub-section (1A) of section 115A of the Income-tax Act, to the Indian concern	40 per cent.	<i>Nil</i> ;
(iv) on income by way of royalty <u>not being</u> royalty of the nature referred to in sub-item (b) (iii) <u>payable</u> by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government,—		
(A) where the agreement is made after the 31st day of March, 1961 but before the 1st day of April, 1976	50 per cent	2.5 per cent;
(B) where the agreement is made after the 31st day of March, 1976—		
(1) on so much of the amount of such income as consists of lump sum consideration for the transfer outside India of, or the imparting of information outside India in respect of, any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, or trade mark or similar property	20 per cent	<i>Nil</i> ;
(2) on the balance, if any, of such income	40 per cent.	<i>Nil</i> ;
(v) on income by way of fees for technical services payable by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and which has been approved by the Central Government —		
(A) where the agreement is made after the 29th day of February, 1964 but before the 1st day of April, 1976	50 per cent.	2.5 per cent.;
(B) where the agreement is made after the 31st day of March, 1976	40 per cent.	<i>Nil</i> ;
(vi) on income by way of interest payable on a tax-free security	44 per cent.	2.2 per cent.;
(vii) on any other income	70 per cent.	3.5 per cent.

Explanation.— For the purposes of this Part, "investment income", "long-term capital gains" and "non-resident Indian" shall have the meanings assigned to them in Chapter XII-A as directed to be inserted in the Income-tax Act by section 36 of this Act.

PART III

Rates for calculating or charging income-tax in certain cases, deducting income-tax from income chargeable under the head "Salaries" or any payment referred to in sub-section (9) of section 80E and computing "advance tax".

In cases in which income-tax has to be calculated under the first proviso to sub-section (5) of section 132 of the Income-tax Act or charged under sub-section (4) of section 172 or sub-section (2) of section 174 or section 176 or sub-section (2) of section 176 of the said Act or deducted under section 182 of the said Act from income chargeable under the head "Salaries" or deducted under sub-section(9)of section 80E of the said Act from any payment referred to in the said sub-section(9)or in which the "advance tax" payable under Chapter XVII-C of the said Act has to be computed, at the rate or rates in force, such income-tax or, as the case may be, "advance tax" (not being "advance tax" in respect of any income chargeable to tax under Chapter XII or Chapter XII-A or section 164 or section 164A or section 167A of the Income-tax Act at the rates as specified in that Chapter or section), shall be so calculated, charged, deducted or computed at the following rate or rates:—

Paragraph A

Sub-Paragraph I

In the case of every individual or Hindu undivided family or unregistered firm or other association of persons or body of individuals, whether incorporated or not, or every artificial juridical person referred to in sub-clause (vii) of clause(3)of section 2 of the Income-tax Act, not being a case to which sub-Paragraph II of this Paragraph or any other Paragraph of this Part applies,—

Rates of income-tax

(1) where the total income does not exceed Rs. 15,000	Nil;
(2) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	25 per cent. of the amount by which the total income exceeds Rs. 15,000;
(3) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 1,250 plus 30 per cent. of the amount by which the total income exceeds Rs. 20,000;
(4) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 2,750 plus 35 per cent. of the amount by which the total income exceeds Rs. 25,000;
(5) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 4,500 plus 40 per cent. of the amount by which the total income exceeds Rs. 30,000;
(6) where the total income exceeds Rs. 50,000 but does not exceed Rs. 60,000	Rs. 12,500 plus 50 per cent. of the amount by which the total income exceeds Rs. 50,000;
(7) where the total income exceeds Rs. 60,000 but does not exceed Rs. 70,000	Rs. 17,500 plus 52.5 per cent. of the amount by which the total income exceeds Rs. 60,000;
(8) where the total income exceeds Rs. 70,000 but does not exceed Rs. 85,000	Rs. 22,750 plus 55 per cent. of the amount by which the total income exceeds Rs. 70,000;
(9) where the total income exceeds Rs. 85,000 but does not exceed Rs. 1,00,000	Rs. 31,000 plus 57.5 per cent. of the amount by which the total income exceeds Rs. 85,000;
(10) where the total income exceeds Rs. 1,00,000	Rs. 39,625 plus 60 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Sub-Paragraph II

In the case of every Hindu undivided family which at any time during the previous year has at least one member whose total income of the previous year relevant to the assessment year commencing on the 1st day of April, 1984 exceeds Rs. 15,000, —

Rates of income-tax

(1) where the total income does not exceed Rs. 8,000	Nil.
(2) where the total income exceeds Rs. 8,000 but does not exceed Rs. 15,000	22 per cent. of the amount by which the total income exceeds Rs. 8,000;
(3) where the total income exceeds Rs. 15,000 but does not exceed Rs. 20,000	Rs. 1,540 plus 27 per cent. of the amount by which the total income exceeds Rs. 15,000;
(4) where the total income exceeds Rs. 20,000 but does not exceed Rs. 25,000	Rs. 2,890 plus 35 per cent. of the amount by which the total income exceeds Rs. 20,000;
(5) where the total income exceeds Rs. 25,000 but does not exceed Rs. 30,000	Rs. 4,640 plus 40 per cent. of the amount by which the total income exceeds Rs. 25,000;
(6) where the total income exceeds Rs. 30,000 but does not exceed Rs. 50,000	Rs. 8,640 plus 50 per cent. of the amount by which the total income exceeds Rs. 30,000;
(7) where the total income exceeds Rs. 50,000	Rs. 16,640 plus 60 per cent. of the amount by which the total income exceeds Rs. 50,000;

Provided that for the purposes of this Sub-Paragraph, —

- (i) no income-tax shall be payable on a total income not exceeding Rs. 12,000;
- (ii) where the total income exceeds Rs. 12,000 but does not exceed Rs. 17,610, the income-tax payable thereon shall not exceed forty per cent. of the amount by which the total income exceeds Rs. 12,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph B

In the case of every co-operative society, —

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	15 per cent. of the total income;
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 20,000	Rs. 1,500 plus 25 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 20,000	Rs. 4,000 plus 40 per cent. of the amount by which the total income exceeds Rs. 20,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

*Paragraph C**Sub-Paragraph I*

In the case of every registered firm, not being a case to which Sub-Paragraph II of this Paragraph applies, —

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	Nil.
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	5 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 750 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,500 <i>plus</i> 15 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 10,000 <i>plus</i> 24 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Sub-Paragraph II

In the case of every registered firm whose total income includes income derived from a profession carried on by it and the income so included is not less than fifty-one per cent. of such total income, —

Rates of income-tax

(1) where the total income does not exceed Rs. 10,000	Nil
(2) where the total income exceeds Rs. 10,000 but does not exceed Rs. 25,000	4 per cent. of the amount by which the total income exceeds Rs. 10,000;
(3) where the total income exceeds Rs. 25,000 but does not exceed Rs. 50,000	Rs. 600 <i>plus</i> 7 per cent. of the amount by which the total income exceeds Rs. 25,000;
(4) where the total income exceeds Rs. 50,000 but does not exceed Rs. 1,00,000	Rs. 2,350 <i>plus</i> 13 per cent. of the amount by which the total income exceeds Rs. 50,000;
(5) where the total income exceeds Rs. 1,00,000	Rs. 8,850 <i>plus</i> 22 per cent. of the amount by which the total income exceeds Rs. 1,00,000.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Sub-Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Explanation — For the purposes of this Paragraph, "registered firm" includes an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act.

Paragraph D

In the case of every local authority,—

Rate of income-tax

On the whole of the total income 50 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge for purposes of the Union calculated at the rate of twelve and a half per cent. of such income-tax.

Paragraph E

In the case of a company,—

Rates of income-tax

I. In the case of a domestic company —

(1) where the company is a company in which the public are substantially interested 55 per cent. of the total income;

(2) where the company is not a company in which the public are substantially interested —

(i) in the case of an industrial company 60 per cent. of the total income;

(ii) in any other case 65 per cent. of the total income.

II. In the case of a company other than a domestic company,—

(i) on so much of the total income as consists of—

(a) royalties received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 31st day of March, 1961 but before the 1st day of April, 1976, or

(b) fees for rendering technical services received from Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern after the 29th day of February, 1964 but before the 1st day of April, 1976,

and where such agreement has, in either case, been approved by the Central Government 50 per cent.;

(ii) on the balance, if any, of the total income 70 per cent.

Surcharge on income-tax

The amount of income-tax computed in accordance with the preceding provisions of this Paragraph shall be increased by a surcharge calculated at the rate of five per cent. of such income-tax.

Explanation. — For the purposes of this Paragraph, "industrial company" means a company which is mainly engaged in the business of generation or distribution of electricity or any other form of power or carriage, by road or inland waterways, of passengers or goods or in the construction of ships or in the execution of projects or in the manufacture or processing of goods or in mining.

Note. — For the purposes of this *Explanation*, —

(i) a company shall be deemed to be mainly engaged in the business of generation or distribution of electricity or any other form of power or carriage, by road or inland waterways, of passengers or goods or in the construction of ships or in the execution of projects or in the manufacture or processing of goods or in mining, if the income attributable to any one or more of the aforesaid activities included in its total income of the previous year (as computed before making any deduction under Chapter VIA of the Income-tax Act) is not less than fifty-one per cent. of such total income;

(ii) "project" means a project for the construction of a building, road, dam, bridge or other structure or assembly or installation of any machinery or plant.

PART IV

[See section 2(7)(e)]

RULES FOR COMPUTATION OF NET AGRICULTURAL INCOME

Rule 1. — Agricultural income of the nature referred to in sub-clause (a) of clause (1) of section 2 of the Income-tax Act shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from other sources" and the provisions of sections 57 to 59 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of section 58 shall apply subject to the modification that the reference to section 40A therein shall be construed as not including a reference to sub-sections (3) and (4) of section 40A.

Rule 2. — Agricultural income of the nature referred to in sub-clause (b) or sub-clause (c) of clause (1) of section 2 of the Income-tax Act [other than income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c)] shall be computed as if it were income chargeable to income-tax under that Act under the head "Profits and gains of business or profession" and the provisions of sections 30, 31, 32, 34, 36, 37, 38, 40, 40A [other than sub-sections (3) and (4) thereof], 41, 43 and 43A of the Income-tax Act shall, so far as may be, apply accordingly.

Rule 3 — Agricultural income of the nature referred to in sub-clause (c) of clause (1) of section 2 of the Income-tax Act, being income derived from any building required as a dwelling house by the receiver of the rent or revenue or the cultivator or the receiver of rent-in-kind referred to in the said sub-clause (c) shall be computed as if it were income chargeable to income-tax under that Act under the head "Income from house property" and the provisions of sections 23 to 27 of that Act shall, so far as may be, apply accordingly:

Provided that sub-section (2) of the said section 23 shall apply subject to the modifications that the references to "total income" therein shall be construed as references to net agricultural income and that the words, figures and letter "and before making any deduction under Chapter VIA" shall be omitted.

Rule 4. — Notwithstanding anything contained in any other provisions of these rules, in a case where the assessee derives income from sale of tea grown and manufactured by him in India, such income shall be computed in accordance with rule 8 of the Income-tax Rules, 1962, and sixty per cent. of such income shall be regarded as the agricultural income of the assessee.

Rule 5. — Where the assessee is a partner of a registered firm or an unregistered firm assessed as a registered firm under clause (b) of section 183 of the Income-tax Act, which in the previous year has any agricultural income, or is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of the said section 183 and which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an unregistered firm but has any agricultural income, then, the agricultural income or loss of the firm shall be computed in accordance with these rules and his share in the agricultural income or loss of the firm shall be computed in the manner laid down in sub-section (1), sub-section (2), and sub-section (3) of section 67 of the Income-tax Act and the share so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 6. — Where the assessee is a member of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) which in the previous year has either no income chargeable to tax under the Income-tax Act or has total income not exceeding the maximum amount not chargeable to tax in the case of an association of persons or a body of individuals (other than a Hindu undivided family, a company or a firm) but has any agricultural income, then, the agricultural income or loss of the association or body shall be computed in accordance with these rules and the share of the assessee in the agricultural income or loss so computed shall be regarded as the agricultural income or loss of the assessee.

Rule 7 — Where the result of the computation for the previous year in respect of any source of agricultural income is a loss, such loss shall be set off against the income of the assessee, if any, for that previous year from any other source of agricultural income:

Provided that where the assessee is a partner of an unregistered firm which has not been assessed as a registered firm under clause (b) of section 183 of the Income-tax Act or is a member of an association of persons or a body of individuals and the share of the assessee in the agricultural income of the firm, association or body, as the case may be, is a loss, such loss shall not be set off against any income of the assessee from any other source of agricultural income.

Rule 8. — Any sum payable by the assessee on account of any tax levied by the State Government on the agricultural income shall be deducted in computing the agricultural income.

Rule 9-(1) — Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1983, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1975 or the 1st day of April, 1976 or the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982, is a loss, then, for the purposes of sub-section (2) of section 2 of this Act,—

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1975, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1976 or the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the extent, if any, such loss has not been set

off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976 to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1981 or the 1st day of April, 1982,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, and

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1983.

(2) Where the assessee has, in the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or, if by virtue of any provision of the Income-tax Act, income-tax is to be charged in respect of the income of a period other than that previous year, in such other period, any agricultural income and the net result of the computation of the agricultural income of the assessee for any one or more of the previous years relevant to the assessment years commencing on the 1st day of April, 1976 or the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983, is a loss, then, for the purposes of sub-section (6) of section 2 of this Act,

(i) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1976, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1977 or the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April 1982 or the 1st day of April, 1983,

(ii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1977, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1978 or the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(iii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1978, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1979 or the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(iv) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1979, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1980 or the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(v) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1980, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1981 or the 1st day of April, 1982 or the 1st day of April, 1983,

(vi) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1981, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1982 or the 1st day of April, 1983,

(vii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1982, to the extent, if any, such loss has not been set off against the agricultural income for the previous year relevant to the assessment year commencing on the 1st day of April, 1983,

(viii) the loss so computed for the previous year relevant to the assessment year commencing on the 1st day of April, 1983,

shall be set off against the agricultural income of the assessee for the previous year relevant to the assessment year commencing on the 1st day of April, 1984 or the period aforesaid.

(3) Where a change has occurred in the constitution of a firm, nothing in sub-rule (1) or sub-rule (2) shall entitle the firm to set off so much of the loss proportionate to the share of a retired or deceased partner computed in the manner laid down in sub-section (1), sub-section (2) and sub-section (3) of section 67 of the Income-tax Act as exceeds his share of profits, if any, of the previous year in the firm, or entitle any partner to the benefit of any portion of the said loss (computed in the manner aforesaid) which is not apportionable to him.

(4) Where any person deriving any agricultural income from any source has been succeeded in such capacity by another person, otherwise than by inheritance, nothing in sub-rule (1) or sub-rule (2) shall entitle any person, other than the person incurring the loss, to have it set off under sub-rule (1) or, as the case may be, sub-rule (2).

(5) Notwithstanding anything contained in this rule, no loss which has not been determined by the Income-tax Officer under the provisions of these rules or the rules contained in Part IV of the First Schedule to the Finance Act, 1975, or of the First Schedule to the Finance Act, 1976, or of the First Schedule to the Finance (No. 2) Act, 1977, or of the Schedule to the Finance Act, 1978, or of the First Schedule to the Finance Act, 1979, or of the First Schedule to the Finance (No. 2) Act, 1980, or of the First Schedule to the Finance Act, 1981,⁴⁵ or of the First Schedule to the Finance Act, 1982, shall be set off under sub-rule(1) or, as the case may be, sub-rule(2).

25 of 1975.
66 of 1976.
29 of 1977.
19 of 1978.
21 of 1979.
44 of 1980.
16 of 1981.
14 of 1982.

Rule 10. — Where the net result of the computation made in accordance with these rules is a loss, the loss so computed shall be ignored and the net agricultural income shall be deemed to be nil.

Rule 11. — The provisions of the Income-tax Act relating to procedure for assessment (including the provisions of section 288A relating to rounding off of income) shall, with the necessary modifications, apply in relation to the computation of the net agricultural income of the assessee as they apply in relation to the assessment of the total income.

Rule 12. — For the purposes of computing the net agricultural income of the assessee, the Income-tax Officer shall have the same powers as he has under the Income-tax Act for the purposes of assessment of the total income.

THE SECOND SCHEDULE

(See section 44)

PART I

In the First Schedule to the Customs Tariff Act,—

(i) in Heading No. 08.01/13,—

(1) in sub-heading No.(1), for the entries in columns (3) and (4), the entries "200%" and "190%" shall, respectively, be substituted;

(2) in sub-heading No.(3), for the entries in columns (3) and (4), the entries "200%" and "190%" shall, respectively, be substituted;

(3) in sub-heading No.(4), for the entries in columns (3) and (4), the entries "200%" and "190%" shall, respectively, be substituted;

(4) in sub-heading No.(5), for the entries in columns (3) and (4), the entries "200%" and "190%" shall, respectively, be substituted;

(ii) in Heading No. 25.01/32,—

(1) in sub-heading No.(1), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No.(2), for the entry in column (3), the entry "60%" shall be substituted;

(3) in sub-heading No.(3), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(4) in sub-heading No.(4), for the entry in column (3), the entry "100%" shall be substituted;

(5) in sub-heading No.(5), for the entries in columns (3) and (4), the entries "60%" and "50%" shall, respectively, be substituted;

(6) in sub-heading No.(6), for the entry in column (3), the entry "100%" shall be substituted;

(7) in sub-heading No.(7), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(8) in sub-heading No.(9), for the entry in column (3), the entry "100%" shall be substituted;

(9) in sub-heading No.(10), for the entry in column (3), the entry "100%" shall be substituted;

(iii) in Heading No. 28.01/58,—

(1) in sub-heading No.(1), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No.(2), for the entry in column (3), the entry "100%" shall be substituted;

(3) in sub-heading No.(3), for the entry in column (3), the entry "100%" shall be substituted;

- (4) in sub-heading No.(4), for the entry in column (3), the entry "60%" shall be substituted;
- (5) in sub-heading No.(5), for the entry in column (3), the entry "100%" shall be substituted;
- (6) in sub-heading No.(6), for the entry in column (3), the entry "100%" shall be substituted;
- (7) in sub-heading No.(7), for the entry in column (3), the entry "100%" shall be substituted;
- (8) in sub-heading No.(8), for the entry in column (3), the entry "100%" shall be substituted;
- (9) in sub-heading No.(9), for the entry in column (3), the entry "60%" shall be substituted;
- (10) in sub-heading No. (10), for the entry in column (3), the entry "100%" shall be substituted;
- (11) in sub-heading No. (11), for the entry in column (3), the entry "100%" shall be substituted;
- (12) in sub-heading No. (12), for the entry in column (3), the entry "100%" shall be substituted;
- (13) in sub-heading No. (13), for the entry in column (3), the entry "100%" shall be substituted;
- (iv) in Heading No. 29.01/45,—
- (1) in sub-heading No. (1), for the entry in column (3), the entry "100%" shall be substituted;
- (2) in sub-heading No. (2), for the entries in columns (3) and (4), the entries "100%" and "94%" shall, respectively, be substituted;
- (3) in sub-heading No. (3), for the entry in column (3), the entry "100%" shall be substituted;
- (4) in sub-heading No. (4), for the entry in column (3), the entry "60%" shall be substituted;
- (5) in sub-heading No. (5), for the entry in column (3), the entry "100%" shall be substituted;
- (6) in sub-heading No. (6), for the entry in column (3), the entry "150%" shall be substituted;
- (7) in sub-heading No. (7), for the entry in column (3), the entry "100%" shall be substituted;
- (8) in sub-heading No. (8), for the entry in column (3), the entry "100%" shall be substituted;
- (9) in sub-heading No. (9), for the entry in column (3), the entry "100%" shall be substituted;
- (10) in sub-heading No. (10), for the entry in column (3), the entry "100%" shall

- (11) in sub-heading No. (11), for the entry in column (3), the entry "100%" shall be substituted;
- (12) in sub-heading No. (12), for the entry in column (3), the entry "100%" shall be substituted;
- (13) in sub-heading No. (13), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;
- (14) in sub-heading No. (14), for the entry in column (3), the entry "100%" shall be substituted;
- (15) in sub-heading No. (15), for the entries in columns (3) and (4), the entries "100%" and "94%" shall, respectively, be substituted;
- (16) in sub-heading No. (16), for the entries in columns (3) and (4), the entries "100%" and "94%" shall, respectively, be substituted;
- (17) in sub-heading No. (17), for the entries in columns (3) and (4), the entries "100%" and "94%" shall, respectively, be substituted;
- (18) in sub-heading No. (18), for the entry in column (3), the entry "100%" shall be substituted;
- (19) in sub-heading No. (21), for the entry in column (3), the entry "150%" shall be substituted;
- (20) in sub-heading No. (22), for the entry in column (3), the entry "150%" shall be substituted;
- (a) in Heading No. 30.01, for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;
- (b) in Heading No. 30.02, for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;
- (c) in Heading No. 30.03,--
- (1) in sub-heading No. (1), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;
- (2) in sub-heading No. (2), for the entries in columns (3) and (4), the entries "Rs. 24 per litre or 100% whichever is higher plus Rs. 5 per litre" and "Rs. 24 per litre or 100% whichever is higher plus Rs. 5 per litre" shall, respectively, be substituted;
- (d) in Heading No. 30.04/05, for the entry in column (3), the entry "100%" shall be substituted;
- (e) in Heading No. 32.01/03,--
- (1) in sub-heading No. (1), for the entry in column (3), the entry "100%" shall be substituted;
- (2) in sub-heading No. (2), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;
- (3) in sub-heading No. (3), for the entry in column (3), the entry "90%" shall be substituted;

(x) in Heading No. 32.04/12,—

(1) in sub-heading No. (3), for the entry in column (3), the entry "150%" shall be substituted;

(2) in sub-heading No. (4), for the entry in column (3), the entry "150%" shall be substituted;

(3) in sub-heading No. (5), for the entry in column (3), the entry "150%" shall be substituted;

(4) in sub-heading No. (6), for the entry in column (3), the entry "150%" shall be substituted;

(5) in sub-heading No. (7), for the entries in columns (3) and (4), the entries "150%" and "140%" shall, respectively, be substituted;

(xi) in Heading No. 32.13, for the entry in column (3), the entry "100%" shall be substituted;

(xii) in Heading No. 33.01/06,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "150%" shall be substituted;

(2) in sub-heading No. (2), for the entries in columns (3) and (4), the entries "150%" and "140%" shall, respectively, be substituted;

(xiii) in Heading No. 34.01/07,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "150%" shall be substituted;

(2) in sub-heading No. (2), for the entry in column (3), the entry "100%" shall be substituted;

(3) in sub-heading No. (3), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(xiv) in Heading No. 35.01/07,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (2), for the entry in column (3), the entry "100%" shall be substituted;

(xv) in Heading No. 36.01/08, for the entry in column (3), the entry "100%" shall be substituted;

(xvi) in Heading No. 38.01/19,

(1) in sub-heading No. (1), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (2), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(3) in sub-heading No. (3), for the entry in column (3), the entry "100%" shall be substituted;

(4) in sub-heading No. (4), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(5) in sub-heading No. (5), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(6) in sub-heading No. (6), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(7) in sub-heading No. (7), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(8) in sub-heading No. (8), for the entry in column (3), the entry "80%" shall be substituted;

(9) in sub-heading No. (9), for the entries in columns (3) and (4), the entries "100%" and "90%" shall, respectively, be substituted;

(xvii) in Heading No. 39.01/06, for the entry in column (3), the entry "200%" shall be substituted;

(xviii) in Heading No. 40.01/04, for the entry in column (3), the entry "60%" shall be substituted;

(xix) in Heading No. 56.01/04, for the entry in column (3), the entry "150% plus Rs. 30 per kilogram" shall be substituted;

(xx) in Heading No. 73.01, for the entry in column (3), the entry "60%" shall be substituted;

(xxi) in Heading No. 73.02, for the entry in column (3), the entry "60%" shall be substituted;

(xxii) in Heading No. 73.03/05, for the entry in column (3), the entry "100%" shall be substituted;

(xxiii) in Heading No. 73.06/07,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "60%" shall be substituted;

(2) in sub-heading No. (2), for the entry in column (3), the entry "100%" shall be substituted;

(xxiv) in Heading No. 73.08, for the entry in column (3), the entry "60%" shall be substituted;

(xxv) in Heading No. 73.09, for the entry in column (3), the entry "60%" shall be substituted;

(xxvi) in Heading No. 73.10, for the entry in column (3), the entry "60%" shall be substituted;

(xxvii) in Heading No. 73.11, for the entry in column (3), the entry "60%" shall be substituted;

(xxviii) in Heading No. 73.12, for the entry in column (3), the entry "60%" shall be substituted;

(xxix) in Heading No. 73.13,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (2), for the entry in column (3), the entry "100%" shall be substituted;

(xxx) in Heading No. 73.14, for the entry in column (3), the entry "60%" shall be substituted;

(xxxxi) in sub-heading No. (1) of Heading No. 73.16, for the entry in column (3), the entry "60%" shall be substituted;

(xxxxii) in Heading No. 73.17/19,—

(1) in sub-heading No. (1)(i), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (1)(ii), for the entry in column (3), the entry "60%" shall be substituted;

(3) in sub-heading No. (1)(iii), for the entry in column (3), the entry "60%" shall be substituted;

(4) in sub-heading No. (1) (iv), for the entry in column (3), the entry "60%" shall be substituted;

(xxxxiii) in sub-heading No. (1) of Heading No. 73.20, for the entry in column (3), the entry "100%" shall be substituted;

(xxxxiv) in sub-heading No. (1) of Heading No. 73.21, for the entry in column (3), the entry "60%" shall be substituted;

(xxxxv) in sub-heading No. (1) of Heading No. 73.22/23, for the entry in column (3), the entry "100%" shall be substituted;

(xxxxvi) in Heading No. 73.24, for the entry in column (3), the entry "60%" shall be substituted;

(xxxxvii) in sub-heading No. (1) of Heading No. 73.25, for the entry in column (3), the entry "100%" shall be substituted;

(xxxxviii) in sub-heading No. (1) of Heading No. 73.26, for the entry in column (3), the entry "100%" shall be substituted;

(xxxxix) in sub-heading No. (1) of Heading No. 73.27/28, for the entry in column (3), the entry "100%" shall be substituted;

(xli) in Heading No. 73.29,—

(1) in sub-heading No. (1)(i), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (1)(ii), for the entry in column (3), the entry "60%" shall be substituted;

(xlii) in Heading No. 73.30, for the entry in column (3), the entry "60%" shall be substituted;

(xliii) in Heading No. 73.31, for the entry in column (3), the entry "100%" shall

(xliii) in Heading No. 73.32, for the entry in column (3), the entry "100%" shall be substituted;

(xlvi) in sub-heading No. (1) of Heading No. 73.33/40, for the entry in column (3), the entry "150%" shall be substituted;

(xlv) in Heading No. 76.01,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "60%" shall be substituted;

(2) in sub-heading No. (2), for the entry in column (3), the entry "60%" shall be substituted;

(xlvi) in Heading No. 76.02, for the entry in column (3), the entry "100%" shall be substituted;

(xlvii) in sub-heading No. (1) of Heading No. 76.03/04, for the entry in column (3), the entry "100%" shall be substituted;

(xlviii) in Heading No. 76.05, for the entry in column (3), the entry "100%" shall be substituted;

(xlix) in Heading No. 76.06/07, for the entry in column (3), the entry "100%" shall be substituted;

(l) in Heading No. 76.08/16, for the entry in column (3), the entry "100%" shall be substituted;

(li) in Heading No. 78.01,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (2), for the entry in column (3), the entry "100%" shall be substituted;

(lii) in Heading No. 78.02/06, for the entry in column (3), the entry "100%" shall be substituted;

(liii) in Heading No. 79.01,—

(1) in sub-heading No. (1), for the entry in column (3), the entry "100%" shall be substituted;

(2) in sub-heading No. (2), for the entry in column (3), the entry "100%" shall be substituted;

(liv) in Heading No. 79.02, for the entry in column (3), the entry "100%" shall be substituted;

(lv) in Heading No. 79.03, for the entry in column (3), the entry "100%" shall be substituted;

(lvi) in Heading No. 79.04/06, for the entry in column (3), the entry "100%" shall be substituted;

(lvii) in sub-heading No. (2) of Heading No. 84.11, for the entry in column (3), the entry "100%" shall be substituted;

(lviii) in Heading No. 84.12, for the entry in column (3), the entry "100%" shall be substituted;

(ii) in sub-heading No. (1) of Heading No. 34.15, for the entry in column (3), the entry "100%" shall be substituted;

(iii) in sub-heading No. (8) of Heading No. 34.18/27, for the entry in column (3), the entry "100%" shall be substituted;

PART II

Heading No.	Sub-heading No. and description of article	Rate of duty		Duration when rates of duty are pro- tective
		Standard	Preferential Areas	
(1)	(2)	(3)	(4)	(5)

In the First Schedule to the Customs Tariff Act, in Heading No. 29.01/45, after sub-heading No. (30), the following sub-heading shall be inserted, namely:-

"(31)	Terephthalic Acid	100%
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THE THIRD SCHEDULE

[See section 54(a)]

PART I

In the First Schedule to the Central Excises Act, —

, in Item No. 4, under 'II. Manufactured tobacco ~ ', for the entry in the third column against sub-Item (2), the entry "Four hundred and forty rupees per thousand or three hundred per cent. *ad valorem plus* twenty rupees per thousand, whichever is higher." shall be substituted;

(ii) in Item No. 18, for the entries in the third column against sub-Items I (ii), II (i) (a) and II (i) (b), the entries "Ten rupees per kilogram.", "Ninety-five rupees per kilogram." and "One hundred and five rupees per kilogram." shall, respectively, be substituted;

(iii) in Item No. 68, for the entry in the third column, the entry "Ten per cent. *ad valorem*" shall be substituted.

PART II

Item No. (1)	Description of goods (2)	Rate of duty (3)
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In the First Schedule to the Central Excises Act, —

(i) for Item No. 1D, the following Item shall be substituted, namely:—

"1D. AERATED WATERS, WHETHER OR NOT FLAVOURED OR SWEETENED AND WHETHER OR NOT CONTAINING VEGETABLE OR FRUIT JUICE OR FRUIT PULP—

(1) Aerated waters which are only charged with carbon dioxide gas under pressure and which contain no other added ingredient—

(a) for each unit container containing 200 millilitres or less Twenty paise.

(b) for each unit container containing more than 200 millilitres Twenty paise *plus* ten paise for every 100 millilitres or fraction thereof in excess of 200 millilitres.

(c) others Forty per cent. *ad valorem*.

(2) Aerated waters other than those falling under sub-Item (1) —

(a) for each unit container containing 200 millilitres or less Sixty paise.

(b) for each unit container containing more than 200 millilitres Sixty paise *plus* thirty paise for every 100 millilitres or fraction thereof in excess of 200 millilitres.

(c) others Sixty per cent. *ad valorem*

Item No. (1)	Description of goods (2)	Rate of duty (3)
(ii) in Item No. 16, for sub-Item I, the following sub-Item shall be substituted, namely:—		
	"I. (1) Tyres for motor vehicles; and tyres for vehicles or equipments, designed for use off the road —	
	(a) tyres for two-wheeled motor vehicles, namely, scooters, motorcycles, mopeds and auto-cycles	Twenty-five per cent. <i>ad valorem</i> ,
	(b) others.	Sixty per cent. <i>ad valorem</i> .
	(2) Tyres for tractors, including agricultural tractors.	Twenty-five per cent. <i>ad valorem</i> .
	(3) Tyres for trailers —	
	(a) of sizes, namely, 7.50-16 and 9.00-16.	Twenty-five per cent. <i>ad valorem</i> .
	(b) others.	Sixty per cent. <i>ad valorem</i> ;
(iii) in Item No. 17,—		
	(a) for sub-Items (1) and (2), the following sub-Item shall be substituted, namely:—	
	"(1) Paper and paper board, (including paper or paper boards which have been subjected to various treatments such as coating, impregnating, corrugation, creping and design printing), not elsewhere specified.	Ten per cent. <i>ad valorem</i> plus two thousand and five hundred rupees per metric tonne. ";
	(b) sub-Items (3) and (4) shall be renumbered as sub-items (2) and (3) respectively;	
(iv) in Item No. 23, for sub-Item (1), the following sub-Item shall be substituted, namely:—		
	"(1) Grey portland cement (including ordinary portland cement, portland-pozzolana cement and portland slag cement), masonry cement, rapid hardening cement, low heat cement and waterproof (hydrophobic) cement.	Two hundred and fifty rupees per metric tonne. ";
(v) in Item No. 30, for sub-Item D, the following sub-Item shall be substituted, namely:—		
	'D. Parts of electric motors (including die-cast rotors).	Twenty per cent. <i>ad valorem</i> . "

Item No. (1)	Description of goods (2)	Rate of duty (3)
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(vi) in Item No. 34, under 'I. Motor Vehicles—', for sub-Item (2), the following sub-item shall be substituted, namely:—

'(2) Motor vehicles of engine capacity not exceeding 2500 cubic centimetres —

(i) Motor vehicles with body —

(a) saloon cars	Five per cent. <i>ad valorem plus</i> sixteen thousand rupees per car.
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(b) others	Twenty-five per cent. <i>ad valorem</i> .
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(ii) Other motor vehicles (including chassis whether or not with cab).	Thirty per cent. <i>ad valorem</i> .'
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THE FOURTH SCHEDULE

[See section 54(b)]

Item No. (1)	Description of goods (2)	Rate of duty (3)
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In the First Schedule to the Central Excises Act,—

(i) for Item No. 25, the following Item shall be substituted, namely:—

'25 IRON AND STEEL, AND PRODUCTS THEREOF, THE FOLLOWING, NAMELY—

(1) Pig iron, cast iron and spiegeleisen in pigs, blocks, lumps and similar forms; and molten iron	Seventy rupees per metric tonne.
(2) Ferro-alloys	Ten per cent. <i>ad valorem</i> .
(3) Waste and scrap	
(i) of iron	Seventy rupees per metric tonne.
(ii) of steel	Three hundred and fifty rupees per metric tonne.
(4) Shot and angular grit, whether or not graded; and wire pellets	
(i) of iron	Seventy rupees per metric tonne.
(ii) of steel	Seven hundred and fifty rupees per metric tonne.
(5) Iron or steel powders; sponge iron or steel	Ten per cent. <i>ad valorem</i> .
(6) Puddled bars, pilings, ingots, blocks, lumps and similar forms of iron or steel	
(i) puddled bars and pilings of iron	Seventy rupees per metric tonne.
(ii) ingots, blocks, lumps and similar forms of steel	Three hundred and fifty rupees per metric tonne.
(iii) not elsewhere specified	Three hundred and fifty rupees per metric tonne.
(7) Blooms, billets, slabs and sheet bars (including template bars) and hoe bars	
(i) of iron	Seventy rupees per metric tonne.
(ii) of steel	Three hundred and fifty rupees per metric tonne.
(8) Pieces roughly shaped by rolling or forging of iron or steel, not elsewhere specified.	Three hundred and fifty rupees per metric tonne.

Item No. (1)	Description of goods (2)	Rate of duty (3)
	(9) Bars (including flats) and rods (including wire rods) of iron or steel, rolled, forged, extruded, formed, finished, whether in straight lengths or in coils; hollow mining drill steel	
	(i) flats	One thousand three hundred and fifty rupees per metric tonne.
	(ii) others	Three hundred and fifty rupees per metric tonne.
	(10) Railway track construction material, the following:	
	Rails, sleepers and sleeper bars	Three hundred and fifty rupees per metric tonne.
	(11) Angles, shapes and sections of iron or steel, not elsewhere specified, other than slotted angles and slotted channels, rolled, forged, extruded, formed, finished; sheet piling of iron or steel whether or not drilled, punched or made from assembled elements,	Three hundred and fifty rupees per metric tonne.
	(12) Hoops, strips and skelp of iron or steel, whether galvanised or not	One thousand three hundred and fifty rupees per metric tonne.
	(i) hoops and strips	
	(ii) skelp	
	(13) Coils for rerolling, sheets, plates, and universal plates of iron or steel, hot or cold-rolled, whether galvanised or not; forms such as ridges, channels (other than slotted channels), rain-water pipes and their fittings made from sheets, plates, or universal plates; and tin plate and tinned, lacquered or varnished sheets including tin taggers and cuttings of such plates, sheets or taggers -	
	(i) galvanised sheets, plates and forms	One thousand three hundred and fifty rupees per metric tonne.
	(ii) tin plate and tinned sheets including tin taggers and cuttings of such plates, sheets or taggers	One thousand seven hundred and fifty rupees per metric tonne.
	(iii) lacquered sheets, varnished sheets including cuttings of lacquered sheets and varnished sheets.	One thousand two hundred and fifty rupees per metric tonne.
	(iv) others	One thousand three hundred and fifty rupees per metric tonne.
	(14) Iron or steel wire, whether or not coated but not insulated	Three hundred and fifty rupees per metric tonne.

Item No. (1)	Description of goods (2)	Rate of duty (3)
	(15) Tubes and pipes and blanks therefor, of iron or steel, rolled, forged, spun, cast, drawn, annealed, welded or extruded	One thousand rupees per metric tonne, <i>plus</i> the excise duty for the time being leviable on pig iron or steel ingots, as the case may be.
	(16) Castings of iron or steel, not otherwise specified.	
	(i) of iron	Seventy rupees per metric tonne.
	(ii) of steel	Seven hundred and fifty rupees per metric tonne.

Explanation.—In this Item, —

(i) "iron" includes pig iron, cast iron and spiegeleisen;

(ii) "pig iron" and "cast iron" mean ferrous products containing, by weight, 1.9 per cent., or more of carbon, and which may contain one or more of the following elements within the weight limits specified:

less than 15 per cent. phosphorus,
not more than 8 per cent. silicon,
not more than 6 per cent. manganese,
not more than 30 per cent. chromium,
not more than 40 per cent. tungsten, and

an aggregate of not more than 10 per cent. of other alloy elements (for example, nickel, copper, aluminium, titanium, vanadium, molybdenum) but does not include ferrous alloys known as "non-distorting tool steels" containing by weight, 1.9 per cent., or more of carbon and having the characteristics of steel;

(iii) "spiegeleisen" means ferrous products containing, by weight, more than 6 per cent. but not more than 30 per cent. of manganese and otherwise conforming to the specifications mentioned in (ii) above;

(iv) "ferro-alloys" means alloys of iron (other than master alloys) which are not usefully malleable and are commonly used as raw material in the manufacture of ferrous metals and which contain, by weight, separately or together:

more than 8 per cent. of silicon, or
more than 30 per cent. of manganese, or
more than 30 per cent. of chromium, or
more than 40 per cent. of tungsten, or

a total of more than 10 per cent. of other alloy elements (aluminium, titanium, vanadium, copper, molybdenum, niobium or other elements, subject to a maximum content of 10 per cent. in the case of copper), and which contain, by weight not less than 4 per cent. in the case of ferro-alloys containing silicon, not less than 8 per cent. in the case of ferro-alloys containing manganese but no silicon or not less than 10 per cent. in other cases, of the element iron;

(v) "puddled bars" and "pilings" mean products for rolling, forging or re-melting obtained either:—

(i) by shingling balls of puddled iron to remove the slag arising during puddling, or

(ii) by roughly welding together by means of hot rolling, packets of scrap iron or steel or puddled iron;

(vi) "ingots" means products for rolling or forging obtained by casting into moulds;

(vii) "blooms" and "billets" mean semi-finished products of rectangular section, of a cross-sectional area exceeding 1,225 square millimetres and of such dimensions that the thickness exceeds one-quarter of the width;

(viii) "slabs" and "sheet bars (including tinplate bars)" mean semi-finished products of rectangular section, of a thickness not less than 6 millimetres, of width not less than 150 millimetres and of such dimensions that the thickness does not exceed one-quarter of the width;

(ix) "waste and scrap" means waste and scrap of iron or steel fit only for the recovery of metal or for use in the manufacture of chemicals, but does not include slag, ash and other residues;

(x) "hollow mining drill steel" means steel hollow bars of any cross-section, suitable for mining drills, of which the greatest external dimension exceeds 15 millimetres but does not exceed 50 millimetres, and of which the greatest internal dimension does not exceed one-third of the greatest external dimension;

(xi) "angles, shapes and sections" means products which do not have cross-sections in the form of circles, segments of circles, ovals, isosceles triangles, rectangles, hexagons, octagons or quadrilaterals with only two sides parallel and the other two sides equal, and which are not hollow;

(xii) "skelp" means hot-rolled narrow strip of width not exceeding 600 millimetres with rolled (square, slightly round or bevelled) edge;

(xiii) "hoops" means hot-rolled flat products in rectangular cross-section of thickness less than 3 millimetres and width less than 75 millimetres;

(xiv) "strips" means hot or cold-rolled products, rolled approximately in rectangular cross-section of thickness usually 10 millimetres and below with mill, rolled, trimmed or sheared edges and supplied in coil or flattened coil (straight length) form but excludes hoop and skelp;

(xv) "coils for re-rolling" means coiled semi-finished hot-rolled products, of a rectangular section, not less than 1.5 millimetres thick, of a width exceeding 500 millimetres and of a weight not less than 500 kilograms per piece;

(xvi) "universal plates" means products of rectangular section, hot-rolled lengthwise in a closed box or universal mill, of a thickness exceeding 5 millimetres but not exceeding 100 millimetres, and of a width exceeding 150 millimetres but not exceeding 1,200 millimetres;

(xvii) "plate" means a hot or cold-rolled flat product, rolled from an ingot or slab or sheet bar or produced by cold reduction of coils, in rectangular cross-section of thickness 5 millimetres and above but not exceeding 100 millimetres and width 600 millimetres and above, and supplied in straight lengths;

(xviii) "sheet" means a hot or cold-rolled flat product, rolled in rectangular section of thickness below 5 millimetres and supplied in straight lengths, the width of which is at least hundred times the thickness and the edges are either mill, trimmed, sheared or flame cut;

(xix) "wire" means cold drawn products of solid section of any cross-sectional shape, of which no cross-sectional dimension exceeds 13 millimetres;

(xx) "bars (including flats) and rods (including wire rods)" means products of solid section which do not conform to the entirety of any of the definitions at (vii), (viii), (xii), (xiii), (xiv), (xv), (xvi), (xvii), (xviii) and (xix) above, and which have cross-sections in the shape of circles, segments of circles, ovals, isosceles triangles, rectangles, hexagons, octagons or quadrilaterals with only two sides parallel and the other sides equal;

(xxi) "flats" means finished products, generally of rectangular cross-section, having rolled edges only (square or slightly rounded), of controlled contour and of thickness 3 millimetres and over, width 400 millimetres and below and supplied in straight lengths and includes flat bars with bulb that has swelling on one or two faces of the same edge and a width of less than 400 millimetres. ;

(ii) Item Nos. 26, 26AA and 28 shall be omitted.

THE FIFTH SCHEDULE

(See section 56)

In the First Schedule to the Additional Duties of Excise Act, —

- (i) In Item No. 4, under "II. Manufactured tobacco—", for the entry in the third column against sub-Item (2), the entry "One hundred and sixty rupees per thousand or one hundred and ten per cent. *ad valorem plus* ten rupees per thousand, whichever is higher." shall be substituted;
- (ii) in Item No. 19, for each of the entries in the third column against sub-Items III and IV, the entry "The duty for the time being leviable on the base fabrics, if not already paid, *plus* ten per cent. *ad valorem.*" shall be substituted;
- (iii) in Item No. 22, for each of the entries in the third column against sub-Items (3) and (4), the entry "The duty for the time being leviable on the base fabrics, if not already paid, *plus* ten per cent. *ad valorem.*" shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The object of the Bill is to give effect to the financial proposals of the Central Government for the financial year 1983-84. The notes on clauses explain the various provisions contained in the Bill.

NEW DELHI;

The 28th February, 1983.

PRANAB MUKHERJEE.

**PRESIDENT'S RECOMMENDATION UNDER ARTICLES 117
AND 274 OF THE CONSTITUTION OF INDIA**

/Copy of letter No. F. 3(1)-B(D)/83 dated the 28th February, 1983 from Shri Pranab Mukherjee, Minister of Finance, to the Secretary, Lok Sabha.7

The President, having been informed of the subject matter of the proposed Bill, recommends under clause (1) of article 117, read with clause (1) of article 274, of the Constitution of India, the introduction of the Finance Bill, 1983, to the Lok Sabha.

2. The Bill will be introduced in the Lok Sabha immediately after the presentation of the Budget on the 28th February, 1983.

Notes on clauses

Clause 2, read with the First Schedule to the Bill, seeks to prescribe the rates at which income-tax (including surcharge thereon) is to be levied on income chargeable to tax for the assessment year 1983-84. Further, it lays down the rates at which tax is to be deducted at source during the financial year 1983-84 from incomes subject to such deduction under the Income-tax Act; and the rates at which "advance tax" is to be paid and tax is to be calculated and charged in special cases for the financial year 1983-84.

Rates of income-tax for the assessment year 1983-84.—Part I of the First Schedule to the Bill specifies the rates of income-tax (including surcharge) on income liable to tax for the assessment year 1983-84. These rates are the same as those specified in Part III of the First Schedule to the Finance Act, 1982 for the purposes of deduction of tax at source from "Salaries" and for computation of "advance tax" payable during the financial year 1982-83.

Rates for deduction of tax at source during the financial year 1983-84 from income other than "Salaries".—Part II of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge where applicable) is to be deducted at source during the financial year 1983-84 from incomes other than "Salaries" and retirement annuities under section 80E(9) of the Income-tax Act. The rates specified in this Part for deduction of tax at source are the same as those specified in Part II of the First Schedule to the Finance Act, 1982 for the purposes of deduction of tax at source during the financial year 1982-83, with certain modifications.

In the case of incomes by way of winnings from lotteries and crossword puzzles, and winnings from horse races payable to resident recipients (other than a company) during the financial year 1983-84, tax will be deducted at the rate of 33.75 per cent. (made up of basic income-tax of 30 per cent. and surcharge of 3.75 per cent.) as against 33 per cent. during 1982-83. In the case of incomes by way of interest on certain securities (not being interest on tax-free securities) and dividends payable to resident recipients (other than a company) during the financial year 1983-84, tax will be deductible at the rate of 22.5 per cent. (made up of basic income-tax of 20 per cent. and surcharge of 2.5 per cent.) as against 22 per cent. during 1982-83.

In the case of "investment income" and "long-term capital gains" derived by a "non-resident Indian" during the financial year 1983-84, tax will be deductible at the rate of 22.5 per cent. (made up of income-tax of 20 per cent and surcharge of 2.5 per cent.). In the case of interest on tax-free securities payable to a non-corporate non-resident, the rate of deduction will be 16.875 percent. (made up of income-tax of 15 per cent. and surcharge of 1.875 per cent.) as against 16.5 per cent. during 1982-83. In the case of other incomes of non-corporate non-residents during the financial year 1983-84, tax will be deductible at the minimum rate of 33.75 per cent. (made up of income-tax of 30 per cent. and surcharge of 3.75 per cent.) as against 33 per cent. in 1982-83.

In the case of income by way of interest other than "Interest on securities" payable to a domestic company during the financial year 1983-84, tax will be deductible at the rate of 21 per cent. (made up of income-tax of 20 per cent. and surcharge of 1 per cent.). In the case of any other income (excluding interest payable on a tax-free security) payable to a domestic company during the financial year 1983-84, tax will be deductible at the rate of 22.575 per cent. (made up of income-tax of 21.5 per cent. and surcharge of 1.075 per cent.) as against 22 per cent. in 1982-83.

In the case of income by way of interest payable to a foreign company by Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency, tax will be deductible at the rate of 25 per cent. In the case of income by way of royalty payable to a foreign company by Government or an Indian concern in pursuance of an agreement made by it with the Government or the Indian concern and approved by the Central Government before 1st April, 1976, tax will be deductible at the rate of 52.5 per cent. (made up of income-tax of 50 per cent. and surcharge of 2.5 per cent.) as against 51.25 per cent. in 1982-83.

In the case of income by way of fees for technical services payable to a foreign company by Government or an Indian concern in pursuance of an agreement made by it with Government or the Indian concern and approved by the Central Government before 1st April, 1976, tax will be deductible at the rate of 52.5 per cent. (made up of income-tax of 50 per cent. and surcharge of 2.5 per cent) as against 51.25 per cent. in 1982-83.

Further, in the case of income by way of interest payable on a tax-free security to a foreign company during the financial year 1983-84, tax will be deductible at the rate of 46.2 per cent. (made up of income-tax of 44 per cent. and surcharge of 2.2 per cent.) as against 45.1 per cent. in 1982-83. In the case of any other income payable to a foreign company during the financial year 1983-84, tax will be deductible at the rate of 73.5 per cent. (made up of income-tax of 70 per cent. and surcharge of 3.5 per cent.) as against 71.75 per cent. in 1982-83.

Rates for deduction of tax at source from "Salaries" and retirement annuities, computation of "advance tax" and charging of income-tax in special cases during the financial year 1983-84:

Part III of the First Schedule to the Bill specifies the rates at which income-tax (including surcharge) is to be deducted at source from "Salaries" and retirement annuities referred to in section 80E(9) of the Income-tax Act and also the rates at which "advance tax" is to be paid and income-tax is to be calculated or charged in special cases for the financial year 1983-84.

These rates are the same as those specified in Part I of the First Schedule to the Bill for the assessment of incomes liable to tax for the assessment year 1983-84 except for the following modifications:—

(i) In the case of individuals, Hindu undivided families, unregistered firms, etc., the income-tax (excluding surcharge) on the slab of income of Rs. 15,001 — Rs. 25,000 at present is 30 per cent. The income in the slab of Rs. 25,001 — Rs. 30,000 is charged to tax at 34 per cent. The income slab of Rs. 15,001 — Rs. 25,000 is proposed to be split into two slabs of Rs. 15,001 — Rs. 20,000 and Rs. 20,001 — Rs. 25,000. The rate of tax applicable to income slab of Rs. 15,001 — Rs. 20,000 will be 25 per cent. and the rate of tax applicable to income slab of Rs. 20,001 — Rs. 25,000 will be 30 per cent. The rate of income-tax applicable to income slab of Rs. 25,001 — Rs. 30,000 will be 35 per cent.

(ii) In the case of domestic companies in which the public are substantially interested, income-tax (excluding surcharge) payable by them will be calculated at 55 per cent. in all cases. In the case of domestic companies which are not companies in which the public are substantially interested and are industrial companies, income-tax payable will be calculated at 60 per cent. in all cases. For this purpose, companies engaged in the carriage of passengers or goods by road or inland waterways or in the execution of projects for construction of buildings, roads, dams, bridges, etc., will also be regarded as industrial companies.

(iii) The rate of surcharge on income-tax in the case of all non-corporate assessees is proposed to be increased from 10 per cent. to 12.5 per cent. of such income-tax.

(iv) The rate of surcharge on income-tax in the case of all categories of companies is proposed to be increased from 2.5 per cent. to 5 per cent. of such income-tax. Companies will, however, have the option of making a deposit with the Industrial Development Bank of India (under a scheme to be notified by the Central Government) in lieu of payment of one-half of such surcharge.

Clause 3 seeks to amend section 2 of the Income-tax Act.

Sub-clause (a) seeks to amend clause (15) of the said section relating to the definition of the term "charitable purpose". This amendment is consequential to the amendment made by sub-clause (i) of clause 6 of the Bill whereunder profits and gains of business would be chargeable to tax in the case of all charitable or religious trusts and institutions.

This amendment will take effect from 1st April, 1984 and will accordingly apply in relation to the assessment year 1984-85 and subsequent assessment years.

Sub-clause (b) seeks to amend clause (18) of section 2 of the Income-tax Act.

Under the proposed amendment, a company whose shares are not listed in a recognised stock-exchange in India in accordance with the Securities Contracts (Regulation) Act, 1956 and any rules made thereunder will not be treated as a company in which the public are substantially interested unless the shares in the company (not being shares entitled to a fixed rate of dividend whether with or without a further right to participate in profits) carrying not less than fifty per cent. of the voting power have been allotted unconditionally to, or acquired unconditionally by, and were throughout the relevant previous year beneficially held by :—

(a) the Government, or

(b) a corporation established by a Central, State or Provincial Act, or

(c) any company to which the clause applies or any subsidiary company of such company if the whole of the share capital of such subsidiary company has been held by the parent company or by its nominees throughout the previous year.

The proposed modification will, however, not apply in relation to the following categories of companies:-

(i) a company owned by the Government or the Reserve Bank of India or in which not less than forty per cent. of the shares are held (whether singly or taken together) by the Government or the Reserve Bank of India or a corporation owned by that Bank;

(ii) a company which is registered under section 25 of the Companies Act, 1956;

(iii) a company having no share capital, which is declared by the Central Board of Direct Taxes to be a company in which the public are substantially interested.

These companies will continue to be regarded as companies in which the public are substantially interested.

These amendments will take effect from 2nd April, 1983.

Clause 4 seeks to amend section 9 of the Income-tax Act relating to income deemed to accrue or arise in India.

Under the proposed amendment in sub-clause (a), no income will be deemed to accrue or arise in India to a non-resident engaged in the business of running a news agency or of publishing newspapers, magazines or journals from activities confined to collection of news and views in India for transmission out of India.

The proposed amendment will apply retrospectively from 1st April, 1962, that is to say, the date of commencement of the Income-tax Act, 1961.

Sub-clause (b) seeks to amend clause (ii) of sub-section (1) of section 9 of the Income-tax Act. The Explanation proposed to be added to this clause seeks to clarify that income chargeable under the head "Salaries" payable for service rendered in India shall be regarded as income earned in India.

The proposed amendment will take effect from 1st April, 1979.

Clause 5 seeks to amend section 10 of the Income-tax Act relating to incomes not included in the total income.

Sub-clause (a) seeks to insert a new clause (6A) in this section. The new clause provides that the amount of tax paid by Government or an Indian concern on behalf of a foreign company in respect of royalty or fees for technical services paid under agreements approved by the Central Government will not be included in computing the total income of the foreign company.

This amendment will take effect from 1st April, 1984.

Sub-clause (b) seeks to amend clause (10) of this section.

Under the existing provisions, any death-cum-retirement gratuity received under the Revised Pension Rules of the Central Government or the Central Civil Services (Pension) Rules, 1972 or under any other similar schemes applicable to Government employees or to the employees of a local authority is fully exempt from income-tax. Any gratuity received under the Payment of Gratuity Act, 1972 is exempt from income-tax to the extent it does not exceed the amount calculated in accordance with the provisions of sub-sections (2) and (3) of section 4 of that Act. As regards other gratuities, the exemption from income-tax is restricted to the amount calculated at half month's salary for each year of completed service arrived at on the basis of the average salary for the three years immediately preceding the year in which the gratuity is paid subject to a maximum of Rs. 30,000 or 20 months' salary so calculated, whichever is less. Where gratuity is received by an employee from two or more employers in the same year, the maximum amount of gratuity exempt from tax is Rs. 30,000. In cases where an employee who has received any gratuity in any earlier year from his former employer

or employers receives gratuity from his present employer in a later year, the aforesaid limit of Rs. 30,000 is reduced by the amount of gratuity which has been exempt in any earlier year. The aforesaid limits of Rs. 30,000 on the amounts of gratuity that will be exempt from payment of income-tax have been provided to secure that the amount of gratuity that will be so exempt does not exceed the death-cum-retirement gratuity payable to the employees of the Central Government. The ceiling on the maximum amount of death-cum-retirement gratuity payable to the employees of the Central Government under the Central Civil Services (Pension) Rules, 1972 has been raised from Rs. 30,000 to Rs. 36,000 in relation to persons becoming eligible for payment of death-cum-retirement gratuity on or after 31st January, 1982.

Item (i) of this sub-clause, accordingly, seeks to raise the exemption limit for payment of income-tax on the amount of gratuity from Rs. 30,000 to Rs. 36,000.

Item (ii) of this sub-clause seeks to empower the Central Government to increase the limit of exemption of Rs. 36,000 to a higher amount by notification in the Official Gazette having regard to any increase in the maximum amount of gratuity exempt in the case of Government servants, and to provide that the exemption limit of Rs. 30,000 will continue to apply in cases where the event on which gratuity is received takes place before the 31st January, 1982.

These amendments will take effect retrospectively from 1st April, 1982 and will accordingly apply in relation to the assessment year 1982-83 and subsequent years.

Sub-clause (c) seeks to amend clause (15) of section 10 of the Income-tax Act.

Under the proposed amendment in item (i), exemption from income-tax in respect of interest on specified Capital Investment Bonds will be available only to individuals and Hindu undivided families.

Item (ii) of this sub-clause seeks to amend sub-clause (iv) of this clause.

Under the existing provisions of item (a) of the said sub-clause (iv), interest payable by Government or a local authority on moneys borrowed from sources outside India is exempt from tax. Under the proposed amendment to this item, exemption from tax will be available in respect of interest payable by Government or a local authority on debts incurred by it outside India.

Under the existing provisions of item (c) of the said sub-clause (iv), interest payable by an Industrial undertaking in India on moneys borrowed by it or debts incurred outside India in respect of purchase outside India of raw materials or capital plant and machinery is exempt from tax to the extent the interest does not exceed the amount calculated at the rate approved by the Central Government for the purposes of this provision. Under the proposed amendment to this item, exemption from tax will be available in respect of moneys borrowed or debts incurred in a foreign country for purchase of any components. Under another amendment to this item, purchase of capital plant and machinery will include the purchase of such capital plant and machinery under a hire-purchase agreement or a lease agreement with an option to purchase such plant and machinery.

Under the existing provisions of item (d) of the said sub-clause (iv), interest payable by the Industrial Finance Corporation of India, the Industrial Development Bank of India and the Industrial Credit and Investment Corporation of India on moneys borrowed by them from sources outside India is exempt from tax to the extent to which the interest does not exceed the amount calculated at the rate approved by the Central Government for the purposes of this provision. Under the proposed amendment, exemption from tax will also be available in respect of interest payable by the Export-Import Bank of India.

A new item (g) is proposed to be inserted in the said sub-clause (iv) to provide for exemption from tax in respect of interest payable by a public company formed and registered in India with the main object of carrying on the business of providing long-term finance for construction or purchase of houses in India for residential purposes, on any moneys borrowed by it in foreign currency from sources outside India under a loan agreement approved by the Central Government. This exemption will be available to the extent to which such interest does not exceed the amount of interest calculated at the rate approved by the Central Government in this behalf, having regard to the terms of the loan and its repayment. The exemption will apply if the company has been approved by the Central Government for the purposes of section 36(1)(vii) of the Income-tax Act.

The above amendments will take effect from 1st April, 1983.

Sub-clause (d) seeks to amend clause (21).

Under the existing provisions, income of approved scientific research associations is exempt from income-tax. Under the proposed amendment, exemption under this provision will not be available if any sums by way of contributions received by the association are invested or deposited by it after 28th February, 1983 otherwise than in any one or more of the forms or modes specified in sub-section (5) proposed to be inserted in section 11 of the Income-tax Act by clause 6 of the Bill. Exemption under this provision will also be denied in cases where any funds of the institution invested or deposited before 1st March, 1983, otherwise than in any one or more of the forms or modes referred to above, continue to remain so invested or deposited after 30th November, 1983. Such association will also forfeit exemption from tax if it holds after 30th November, 1983 shares in any company other than a Government company or a statutory corporation.

Sub-clause (e) seeks to amend clause (23C).

Under the existing provisions, income derived by charitable or religious trusts, institutions and funds, which are notified by the Central Government under this provision, is exempt from income-tax. The proposed amendment seeks to provide that this exemption shall not apply in relation to the profits and gains of any business carried on by such trust, institution, etc., or profits derived by them from any business undertaking held under trust.

These amendments will take effect from 1st April, 1984.

Sub-clause (f) seeks to amend clause (26A).

Item (i) seeks to extend the exemption from income-tax in the case of residents of the district of Ladakh for a further period of three years, i.e. for the assessment years 1983-84 to 1985-86.

This amendment shall take effect from 1st April, 1983.

Item (ii) seeks to clarify that the district of Ladakh will include all the areas comprised in that district on 30th June, 1979, being the date immediately preceding the date on which the said district was bifurcated.

This amendment will take effect retrospectively from 1st April, 1980.

Clause 6 seeks to amend section 11 of the Income-tax Act.

Sub-clause (a) of this clause seeks to insert a new clause (b) in sub-section (2) which provides for the investment or deposit of the moneys accumulated or set apart by charitable or religious trusts in the forms or modes specified in the new sub-section (5) proposed to be inserted by sub-clause (c) of this clause.

This amendment will take effect from 1st April, 1983.

Sub-clause (b) substitutes a new sub-section (4) in this section. The new sub-section provides that the provisions relating to exemption of income, accumulation and application of income for charitable purposes, etc., will not apply in relation to profits and gains of any business.

This amendment will take effect from the 1st April, 1984 and will, accordingly, apply in relation to the assessment year 1984-85 and subsequent years.

Sub-clause (c) seeks to insert a new sub-section (5) which provides for the forms and modes of investing or depositing moneys accumulated or set apart by such trusts. These forms and modes are broadly the same as those specified in clause (a) of sub-section (5) of section 13 of the Income-tax Act. The list of specified forms and modes as contained in the existing provisions in the Income-tax Act has been enlarged to include deposits with certain approved financial corporations and deposits with or investment in bonds issued by approved public companies engaged in providing long-term finance for construction or purchase of houses in India for residential purposes.

This amendment will take effect from 1st April, 1983.

Clause 7 seeks to amend section 13 of the Income-tax Act.

Sub-clause (a) seeks to amend sub-section (1) of section 13. Item (i) of this sub-clause seeks to omit clause (bb) of sub-section (1) of this section. This amendment is consequential to the proposed substitution of sub-section (4) of section 11 of the Act by clause 6 of the Bill which provides that profits and gains of business will not be exempt in the case of charitable or religious trusts and institutions.

This amendment will take effect from 1st April, 1984 and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Item (ii) seeks to substitute clause (d). The proposed amendment provides for the forfeiture of exemption from income-tax in the case of charitable or religious trusts and institutions in cases where they invest or deposit their funds after the 28th February, 1983 otherwise than in the forms and modes specified in new sub-section (5) of section 11. Exemption from income-tax will also be forfeited if funds invested before 1st March, 1983 continue to remain invested or deposited in forms or modes which do not conform to the proposed new pattern of investment. Further, trusts and institutions which hold shares in companies (other than Government companies or statutory corporations) after the 30th November, 1983 will also forfeit exemption from income-tax. Such trusts and institutions will, however, be allowed to hold shares in cases where such shares constituted the original corpus of the trust or institution as on 1st June, 1973 or where such shares were allotted by way of bonus before the said date. Compliance with the proposed new pattern of investment will not be mandatory for trusts and institutions whose only source of income consists of profits and gains of business.

Sub-clauses (b) and (c) seek to amend sub-section (2) and sub-section (4) of that section and are clarificatory in nature.

Sub-clause (d) seeks to omit sub-sections (5) and (6). This amendment is consequential to insertion of sub-section (5) in section 11 of the income-tax Act by clause 6 of the Bill.

These amendments will take effect from 1st April, 1983.

Clause 8 seeks to make an amendment in clause (i) of section 16 of the Income-tax Act relating to standard deduction in the case of salaried assessees.

Under the existing provisions, a standard deduction is granted to salaried assessees at a uniform rate of twenty-five per cent. of the salary subject to a maximum of Rs. 5,000.

Under the proposed amendment, the standard deduction will be allowed at the rate of twenty-five per cent. of the salary subject to an enhanced ceiling of Rs. 6,000.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 9 seeks to amend section 24 of the Income-tax Act relating to deductions from income from house property.

Under the proposed amendment, interest payable by an assessee in respect of funds borrowed for the acquisition or construction of house property and pertaining to the period prior to the previous year in which such property has been acquired or constructed shall be deducted in five equal annual instalments commencing from the previous year in which the house was acquired or constructed. The amount of interest so deductible shall not include any amount of such interest allowed as a deduction under any other provision of the Act.

This amendment will take effect from the 1st April, 1984 and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 10 seeks to make certain amendments in section 32 of the Income-tax Act relating to deduction in respect of depreciation of buildings, machinery, plant or furniture owned by the assessee and used for the purposes of the business or profession.

Under the proposed amendment in sub-clause (a), the monetary limit on full deduction in respect of items of machinery or plant of small value will be raised from Rs. 750 to Rs. 5,000.

Under the amendment in sub-clause (b), it is proposed to secure that the initial depreciation at 40 per cent. of the actual cost of the building used for the purpose of residence of low-paid employees for their welfare activities will be deducted in determining the written down value of the building for the purposes of computing the amount of depreciation admissible in respect of such buildings in subsequent years.

The amendment in sub-clause (c) similarly seeks to secure that the initial depreciation at twenty-five per cent. of the actual cost of the building owned by an Indian company and used by such company as an approved hotel is also deducted in determining the written down value of the building for the purposes of calculating the amount of depreciation admissible in respect of such building in subsequent years.

The aforesaid amendments will take effect from 1st April, 1984 and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 11 seeks to amend section 32A of the Income-tax Act relating to investment allowance.

Under sub-clause (a)(i), investment allowance will be admissible in respect of new machinery and plant installed after 31st March, 1983 but before 1st April, 1988 for the purposes of the business of repairs to ocean-going vessels or other powered craft if the business is carried on by an Indian company and such business is for the time being approved by the Central Government.

This amendment will take effect from 1st April, 1984 and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Sub-clause (a)(ii) makes a clarificatory amendment from the 1st June, 1983.

Under sub-clause (b) which seeks to insert a new sub-section (2C), the assessee will be entitled to investment allowance at the rate of thirty-five per cent. of the actual cost of such machinery or plant which would assist in control of pollution or protection of environment and notified by the Central Government if the machinery or plant is installed by the assessee in industrial undertakings after 31st May, 1983.

Clause 12 seeks to amend section 35 of the Income-tax Act relating to expenditure on scientific research.

Under the existing provisions of sub-section (2A), an assessee is entitled to deduct one and one-third times the amount paid by him to an approved scientific research association, university, college or other institution to be used for scientific research under an approved programme.

Under the proposed amendment, the aforesaid weighted deduction will be available only in respect of sums paid with a specific direction that they shall not be used for the acquisition of any land or building or construction of any building.

This amendment will take effect from the 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 13 seeks to amend section 35B of the Income-tax Act relating to export markets development allowance.

Under the existing provisions, a domestic company or a resident non-corporate assessee is entitled to a weighted deduction in the computation of the profits or gains from business, in respect of expenditure (other than capital expenditure or personal expenses of the assessee) on certain specified activities related to export of goods, services, facilities which the assessee deals in or provides in the course of his business. The deduction is allowed in an amount equal to one and one-third times the aggregate of expenditure incurred by the assessee during the previous year.

Under the proposed amendment, no deduction under this provision will be available in relation to expenditure incurred after 28th February, 1983.

This amendment will take effect from 1st April, 1983.

Clause 14 seeks to amend section 35C of the Income-tax Act.

Under the existing provisions, a company or a co-operative society which uses the products of agriculture, animal husbandry or dairy or poultry farming as raw materials or processes such products, is eligible for a weighted deduction of expenditure incurred, whether directly or through an approved association or body, in the provision of agricultural inputs and extension services to cultivators, growers or producers of such product to an amount equal to one and one-fifth times the amount of the qualifying expenditure. The proposed amendment seeks to restrict the deduction to the amount of the expenditure incurred.

The amendment will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 15 seeks to amend section 35CC of the Income-tax Act relating to rural development allowance.

Under the existing provisions, where a tax-payer, being a company or a co-operative society incurs any expenditure on any programme of rural development, a deduction is allowed on the

amount of such expenditure incurred during the previous year provided that such programme has been approved by the prescribed authority.

Under the proposed amendment, no deduction will be allowed in respect of any expenditure on any programme of rural development unless the following conditions are satisfied, namely:—

- (a) the approval of the prescribed authority in respect of such programme has been obtained before 1st March, 1983;
- (b) such programme involves work of construction of any building or other structure or the laying of any road or construction or boring of a well or tube-well or the installation of any plant or machinery and such work has commenced before 1st March, 1983;
- (c) in a case where the approval of the prescribed authority in respect of such programme has been granted for a specified period, the expenditure on such programme is incurred before the expiry of that period, and in any other case, before 1st March, 1984;
- (d) the tax-payer furnishes along with the return of income for the assessment year for which the deduction is claimed, a statement of such expenditure in the prescribed form duly signed and verified by a Chartered Accountant setting forth the prescribed particulars.

The amendment will take effect from 1st April, 1983.

Clause 16 seeks to amend section 35CCA of the Income-tax Act relating to expenditure by way of payment to associations and institutions for carrying out rural development programmes.

Under the existing provisions, sums paid by any tax-payer carrying on business or profession to any association or institution which has as its object the undertaking of programmes of rural development are allowed as deduction in computing the taxable profits where such sums are to be used for carrying out a programme of rural development. The deduction is allowed only if the association or institution and also the programme of rural development for which the sums are paid have been approved by the prescribed authority.

Under the proposed amendment, the deduction will not be allowed in respect of any sums paid to associations or institutions aforesaid unless the tax-payer furnishes a certificate from the association or institution to the effect that —

- (a) the programme of rural development had been approved by the prescribed authority before 1st March, 1983; and
- (b) such programme involves work by way of construction of any building or other structure or the laying of any road or the construction or boring of a well or tube-well or the installation of any plant or machinery and such work has commenced before 1st March, 1983.

Likewise, the deduction in respect of expenditure by way of payment of any sum to any association or institution which has as its object the training of persons for implementing programmes of rural development will not be allowed unless the tax-payer furnishes a certificate from such association or institution to the effect that —

- (a) the prescribed authority had approved the association or institution before 1st March, 1983; and
- (b) the training of persons for implementing any programme of rural development had been started by the association or institution before 1st March, 1983.

The certificates required to be furnished will not be issued by any association or institution unless it has obtained from the prescribed authority authorisation in writing to issue certificates of such nature.

Under a new clause (c) proposed to be inserted in sub-section (1), payment of any sum to a rural development fund set up and notified by the Central Government in this behalf will qualify for deduction.

These amendments will take effect from 1st April, 1983.

Clause 17 seeks to amend section 37 of the Income-tax Act relating to deductions in computing profits and gains from business or profession.

Sub-clause (a) (i) seeks to amend sub-section (2A) so as to raise the monetary ceiling on deduction in respect of expenditure on entertainment to Rs. 50,000.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85.

Sub-clause (a)(ii) seeks to add a new Explanation to clarify that "entertainment expenditure" includes expenditure on hospitality of every kind whether provided under any express or implied contract or custom or usage of trade, but does not include expenditure on food or beverages provided to the employees in their place of work.

This amendment will take effect retrospectively from 1st April, 1976.

Sub-clause (b) of this clause seeks to insert three new sub-sections (3A), (3B) and (3C) in section 37 of the Income-tax Act.

Under the proposed amendments, twenty per cent. of specified expenditure (to the extent it has not been disallowed under the other provisions of the Income-tax Act) shall not be allowed as deduction in computing the income by way of profits and gains of business or profession. The items of expenditure in respect of which such disallowance will be made are expenditure on advertisement, publicity, sales promotion, travel by rail, motor-car, ship, powered craft or aircraft; running and maintenance of aircraft and motor-cars, and payments made to hotels. Expenditure on advertisement, publicity and sales promotion to the extent that such expenditure represents remuneration paid to employees of the assessee engaged in the said activities shall not be disallowed. The amendment further provides that expenditure on running and maintenance of aircraft or motor-cars shall include the expenditure on chartering aircraft or the hire charges for engaging taxis and conveyance allowances paid to employees and directors.

No disallowance shall be made under the proposed provision in respect of expenditure incurred by domestic companies and resident non-corporate tax-payers on advertisement, publicity and sales promotion outside India, on travelling outside India for the purposes of sales promotion and expenditure on running and maintenance of motor-cars in any branch, office, etc. outside India.

In the case of an assessee engaged in the business of operation of aircraft or in the business of running motor-cars on hire, expenditure incurred in respect of aircraft or motor-cars shall not be considered for disallowance.

These amendments will take effect from 1st April, 1984 and will, accordingly, apply in relation to the assessment year 1984-85 and subsequent years.

Sub-clause (c) seeks to insert a new sub-section (5) in section 37 of the Income-tax Act.

The proposed amendment, which is for the removal of doubts, seeks to provide expressly that any accommodation, by whatever name called, maintained by the assessee for providing lodging or boarding and lodging to any person (including any employee or, where the assessee is a company, any director of, or the holder of any office in, the company) on tour or visit to the place at which such accommodation is situated, is accommodation in the nature of a guest house for the purposes of the concerned sub-section.

This amendment will take effect retrospectively from 1st April, 1979.

Clause 18 seeks to insert a new section 43B in the Income-tax Act relating to certain deductions to be allowed only on actual payment.

Under the proposed new section, a deduction allowable under the Act in respect of any sum payable by the assessee by way of tax or duty under any law for the time being in force or any sum payable by him as an employer by way of contribution to any provident fund, superannuation fund, etc., shall be allowed to him only in computing the income chargeable under the head "Profits and gains of business or profession" of that previous year in which such sum is actually paid by him irrespective of the previous year in which the liability to pay such sum was incurred by the assessee according to the method of accounting regularly employed by him.

The provisions of the new section will take effect from 1st April, 1984, and will accordingly apply to the assessment year 1984-85 and subsequent years.

Clause 19 seeks to amend section 44D of the Income-tax Act containing special provisions for computing certain incomes in the case of foreign companies.

Sub-clause (a) seeks to amend clauses (a) and (b) of this section. Under the proposed amendment, the provisions of this section relating to restriction on the deduction of expenses in computing in the case of foreign companies income by way of royalty or fees for technical services will also be applicable in cases where such income is received from Government.

Sub-clause (b) seeks to insert a new clause (c) in this section. Under the new clause (c), no deduction will be allowed in respect of any expenditure or allowance in computing in the case of a foreign company income by way of interest received from Government or an Indian concern on moneys borrowed or debt incurred by the Government or the Indian concern in foreign currency.

Sub-clause (c) seeks to amend clause (d) of the Explanation to this section. This amendment is consequential to the proposed amendment under sub-clause (a).

This amendment will take effect from 1st June, 1983.

Clause 20 seeks to amend section 54E of the Income-tax Act relating to capital gains on transfer of capital assets not to be charged in certain cases.

The amendment under sub-clause (a)(i) seeks to provide that exemption under this section will apply only in cases where the tax-payer has invested or deposited the whole (or, as the case may be, part) of the net consideration in the new asset by initially subscribing to the new asset.

The amendment under sub-clause (a)(ii) seeks to provide that in cases where the original asset is transferred after the 28th February, 1983, exemption under the section will be allowed in cases where the net consideration is invested in notified Central Government securities; notified special series of units of the Unit Trust of India; notified national rural development bonds; and notified debentures issued by the Housing and Urban Development Finance Corporation Limited.

The amendment under clause (b) seeks to provide that in a case where the original asset is transferred after the 28th February, 1983, and the tax-payer invests the whole or any part of the net consideration in respect of the original asset in any new asset, and he takes any loan or advance on the security of such new asset, he shall be deemed to have converted (otherwise than by transfer) such new asset on the date on which such loan or advance is taken, and the amount of the capital gain arising from the transfer of the original asset not charged to tax shall be deemed to be income chargeable in the year in which such loan or advance is taken.

The amendment in clause (c) provides that exemption under this section (as proposed to be amended) will also be available, in cases where the original asset is compulsorily acquired, in relation to the additional compensation or additional consideration in respect of such assets received after 28th February, 1983.

These amendments will take effect from 1st April, 1983.

Clause 21 seeks to amend section 80C of the Income-tax Act relating to deduction in respect of life insurance premia, contributions to provident fund, etc.

Under the proposed amendment in sub-clause (a), Hindu undivided families also will be entitled to deduction under this section in respect of the following categories of long-term savings made by them out of their taxable income:—

(i) contributions to a public provident fund in an account standing in the name of any member of the family; and

(ii) deposits made in a ten-year or fifteen-year account standing in the name of any member of the family under the Post Office Savings Bank (Cumulative Time Deposit) Rules, 1959.

Under the amendment proposed in sub-clause (b), the amount qualifying for deduction in respect of long-term savings in the form of life insurance premia, contributions to certain funds, etc. will only be subject to a monetary ceiling, and not to any ceiling by way of a percentage of the gross total income. The monetary ceiling will be Rs. 60,000 (as at present) in the case of an author, playwright, artist, musician, actor or sportsman and Rs. 40,000 (as at present) in the case of other tax-payers entitled to deduction under this section.

These amendments will come into force with effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 22 seeks to amend section 80GG of the Income-tax Act relating to deduction in respect of rents paid.

Under the existing provisions, an assessee is not entitled to the aforesaid deduction in cases where the assessee, his spouse or minor child or the Hindu undivided family of which he is a member, owns any residential accommodation anywhere. Under the proposed amendment, the deduction in respect of rents paid will be denied only where the assessee, etc., owns any residential accommodation at the place where he ordinarily resides or performs duties of his office or employment or carries on his business or profession, and where the residential accommodation owned by him is at any other place, if it is occupied by him for the purposes of his own residence.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 23 seeks to amend section 80GGA of the Income-tax Act relating to deduction in respect of certain donations for scientific research or rural development.

Sub-clause (a) seeks to substitute the proviso to clause (b) of sub-section (2) of this section. Under the proposed amendment, the deduction in respect of sums paid to any association or institution for carrying out any programme of rural development or for training of persons for implementing such programmes will be allowed only if the assessee produces a certificate from such association or institution referred to in sub-section (2) or sub-section (2A), proposed to be inserted in section 35CCA of the Income-tax Act by sub-clause (b) of clause 16 of the Bill.

Sub-clause (b) seeks to insert a new clause (d) in sub-section (2). Under the proposed provision, deduction will be allowed in respect of any sum paid by an assessee to any rural development fund that may be set up and notified by the Central Government for the purposes of clause (c), proposed to be inserted in sub-section (1) of section 35CCA of the Income-tax Act by sub-clause (a) of clause 16 of the Bill.

This amendment will take effect from 1st April, 1983.

Clause 24 seeks to insert a new section 80HHC in the Income-tax Act relating to deduction in respect of export turnover.

Sub-section (1) of the new section provides that a tax-payer being an Indian company or a person (other than a company) who is resident in India exports out of India during the previous year any goods or merchandise to which this section applies, will be allowed deduction of an amount equal to five per cent. of the amount by which the export turnover of such goods or merchandise during the previous year exceeds the export turnover of the goods or merchandise during the immediately preceding previous year.

Sub-section (2) of the new section provides that the new section applies to all goods or merchandise other than agricultural primary commodities, not being produce of plantations; mineral oil; minerals and ores and such other goods or merchandise as the Central Government may by notification in the Official Gazette specify in this behalf. This sub-section further provides that this concession will apply to sale proceeds of such goods or merchandise exported out of India as are receivable by the tax-payer in convertible foreign exchange.

Sub-section (3) of the new section provides that no deduction will be allowed under the new section unless the tax-payer had, during the immediately preceding previous year, exported out of India goods or merchandise to which this section applies.

The provisions of the new section will take effect from 1st April, 1983.

Clause 25 seeks to amend section 80-J of the Income-tax Act relating to deduction in respect of profits and gains from certain industrial undertakings, etc.

Under the proposed amendments, where the gross total income of an assessee being an Indian company includes any profits and gains derived from the business of repairs to ocean-going vessels or other powered craft, a deduction shall be allowed of 20 per cent. of such profits in the initial assessment year and each of the four succeeding assessment years, subject to the fulfilment of certain conditions laid down in proposed new sub-section (4A). This sub-section provides, *inter alia*, that such business should have commenced after the 31st March, 1983 but before the 1st April, 1988 and, is for the time being, approved by the Central Government.

These amendments will take effect from 1st April, 1984 and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 26 seeks to omit, with effect from 1st April, 1984, section 80JJ of the Income-tax Act, relating to deduction in respect of profits and gains from business of live-stock breeding or poultry or dairy farming. The deduction will not, therefore, be available for the assessment year 1984-85 and subsequent years.

Clause 27 seeks to omit, with effect from 1st April, 1984, section 80JJA of the Income-tax Act, relating to deduction in respect of profits and gains from business of growing mushrooms. The deduction will not, therefore, be available for the assessment year 1984-85 and subsequent years.

Clause 28 seeks to make two amendments to section 80L of the Income-tax Act relating to deductions in respect of interest on certain securities, dividends, etc.

Under the first amendment, interest on deposits with any bank, other than a banking company or a co-operative society referred to in clause (vi) of sub-section (1) of the said section which may be approved by the Central Government will also qualify for the exemption of income from specified financial assets.

Under the second amendment, the monetary ceiling for exemption of income from specified financial assets is proposed to be raised to Rs. 7000 from the over-all limit of Rs. 6000, comprising of the general exemption of Rs. 4000 and an additional exemption of Rs. 2000 in respect of interest on any Government security or on bank deposits for a period of one year or more.

The proposed amendments will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 29 seeks to omit, with effect from 1st April, 1984, section 80MM of the Income-tax Act, relating to deduction in the case of an Indian company in respect of royalties, etc., received from any concern in India. The deduction will not, therefore, be available for the assessment year 1984-85 and subsequent years.

Clause 30 seeks to substitute clause (b) of sub-section (2) of section 80P of the Income-tax Act by a new clause.

Under the existing provisions, profits derived by a primary co-operative society engaged in supplying milk raised by its members to a federal milk co-operative society, Government, local authority or to a Government company or statutory corporation, engaged in supplying milk to the public are exempt from income-tax. The proposed amendment seeks to extend the scope of the existing tax concession to primary co-operative societies which are engaged in the supply of oilseeds, fruits and vegetables also.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 31 seeks to amend section 80R of the Income-tax Act relating to deductions in respect of remuneration from certain foreign sources in the case of professors, teachers, etc.

Under the existing provisions, a deduction of 50% of remuneration received by an Indian citizen from any service rendered by him during his stay outside India in his capacity as a professor, teacher or research worker is allowed in computing the total income of that person if the services as professor, teacher or research worker are rendered in any University or educational institution established outside India or in any other notified association or body established outside India. The proposed amendment seeks to omit the aforesaid requirement of notification of associations or bodies established outside India for the purposes of the tax concession. Accordingly, the deduction in respect of remuneration from foreign sources in the case of professors, teachers, etc. will now be available where the services as a professor, teacher or research worker are rendered not merely in any University or other educational institution but also to any other association or body without the necessity of it being notified.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to assessment year 1984-85 and subsequent years.

Clause 32 seeks to insert a new Chapter VIB in the Income-tax Act relating to restriction on certain deductions in the case of companies.

Sub-section (1) of new section 80VVA seeks to provide that where in the case of companies the aggregate amount of deductions admissible under certain provisions of the Income-tax Act specified in sub-section (2) of that section exceeds 70 per cent. of the amount of total income computed before

making such deductions, the amount to be deducted under those provisions will be restricted to 70 per cent. of the total income as computed before making such deductions.

Sub-section (2) seeks to provide the deductions under the various provisions of the Income-tax Act for the aforesaid purposes of sub-section (1). These deductions include deduction in respect of donations made to approved universities, colleges, or other institutions to be used for research in social sciences or statistical research relating to the class of business carried on by the assessee; capital expenditure on scientific research relating to the business carried on by the assessee; donations to approved scientific research associations, universities, colleges, or other institutions to be used for scientific research under approved programmes, to the extent the deduction exceeds the amount paid by the assessee; in respect of expenditure on in-house scientific research under approved programmes, to the extent the deduction exceeds the expenditure incurred by the assessee; agricultural development allowance; rural development allowance; donations to approved associations or institutions for being used for approved rural development programmes or training of persons for implementing programmes of rural development; donations made to approved associations and institutions for carrying out programmes of conservation of natural resources; unabsorbed development rebate of earlier years; unabsorbed development allowance of earlier years, development allowance for the year; unabsorbed investment allowance of earlier years; investment allowance for the year; donations to certain funds, charitable institutions, etc.; donations to approved associations or institutions for carrying out approved rural development programmes or training of persons for implementing programmes of rural development; donation to approved associations or institutions for undertaking programmes of conservation of natural resources; profits and gains from newly established undertakings or hotel business in backward areas; profits and gains from newly established small scale industrial undertakings in rural areas; profits and gains from execution of foreign projects; export turnover; profits and gains from industrial undertakings established after 31st March, 1981; profits and gains from newly established industrial undertakings or ships or hotel business; dividends attributable to profits and gains from new industrial undertakings or ship or hotel business; inter-corporate dividends; dividends received from certain foreign companies, royalties etc. from certain foreign enterprises and profits and gains from publication of books.

Sub-section (3) seeks to provide that the deductions specified in sub-section (2) will be allowed in the order in which they appear therein.

Sub-section (4) seeks to provide that any deduction specified in sub-section (2) and not allowed in the computation of income only because of the restriction provided in sub-section (1) will be carried forward and will be deemed to be deduction admissible in the succeeding assessment years.

The proviso of this new section will take effect from 1st April, 1984, and will accordingly apply in relation to assessment year 1984-85 and subsequent years.

Clause 33 seeks to omit section 89A of the Income-tax Act relating to tax relief in relation to export turnover.

This amendment will take effect from 1st April, 1983

This omission is consequential to the insertion of new section 80HHC in the Income-tax Act under clause 24 of the Bill.

Clause 34 seeks to amend section 109 of the Income-tax Act containing definitions of certain expressions.

This amendment is consequential to the proposed omission of section 80MM of the Income-tax Act by clause 29 of the Bill.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and subsequent years.

Clause 35 seeks to amend section 115A of the Income-tax Act relating to tax on certain incomes in the case of foreign companies.

Sub-clause (a) seeks to insert a new clause (aa) in sub-section (1) of this section. Under the new clause (aa), interest received by a foreign company from Government or an Indian concern on moneys borrowed or debt incurred by Government or the Indian concern in foreign currency will be subjected to tax at the rate specified in this section.

Sub-clause (b) seeks to substitute clause (b) of sub-section (1). Under the substituted clause (b), royalty or fees for technical services received by a foreign company from Government will also be taxed at the rate specified in this section.

Sub-clause (c) seeks to insert new clause (ia) in sub-section (1) to provide 25 per cent. as the rate of tax applicable to income by way of interest received by foreign companies from Government or Indian concerns on foreign currency loans or debts.

Sub-clause (d) seeks to amend clause (iv). This amendment is consequential to the insertion of clause (aa) under sub-clause (a).

Sub-clause (e) seeks to insert new clause (bb) in the Explanation to this section. The new clause (bb) provides that the expression "foreign company" will have the same meaning as in section 10(15)(iv)(g) of the Act.

These amendments will take effect from 1st June, 1983.

Clause 36 seeks to insert a new Chapter XII-A in the Income-tax Act containing special provisions relating to certain incomes of non-residents.

New section 115C seeks to define certain expressions used in the new Chapter XII-A.

For the purposes of new Chapter XII-A, "convertible foreign exchange" will mean foreign exchange which is for the time being treated by the Reserve Bank as convertible foreign exchange for the purposes of the Foreign Exchange Regulation Act. "Foreign exchange asset" will mean any specified asset acquired, purchased or subscribed to by the assessee in convertible foreign exchange. "Specified asset" will mean shares in an Indian company, debentures or deposits with an Indian public limited company, Central Government securities, units of the Unit Trust of India and any other security, deposit or other investment that may be notified by the Central Government for this purpose. "Investment income" will mean any income derived from a foreign exchange asset. "Long-term capital asset" will mean capital gains relating to a foreign exchange asset which is not a short-term capital asset. "Non-resident Indian" will mean an individual who is either a citizen of India or a person of Indian origin, and is not a resident of India.

New section 115D seeks to provide that in computing the investment income of a non-resident Indian, no deduction will be allowed in respect of any expenditure or allowance.

New section 115E seeks to provide that income-tax on any investment income or income by way of long-term capital gain of a non-resident Indian will be calculated at the rate of twenty per cent. plus surcharge at the rate of 12½% of such income-tax. It is also proposed to provide that investment income and long-term capital gain of a non-resident Indian will not be aggregated with his other Indian income for charging income-tax on such other income.

New section 115F seeks to provide that in cases where a foreign exchange asset is transferred by the assessee and the net consideration for the transfer is invested by him within six months in any specified asset or deposited in a Non-Resident(External) Account or in notified savings certificates, any long-term capital gains arising from the transfer will not be charged to tax. If investment in the aforesaid specified asset, Account or savings certificates is less than the net consideration, the exemption from tax in respect of the long-term capital gain will be allowed on proportionate basis. It is also being provided that if the new asset acquired by investing the net consideration realised on transfer of the foreign exchange asset is transferred or converted (otherwise than by transfer), into money, within three years from the date of its acquisition, the amount of capital gain earlier exempted will be regarded as capital gains relating to long-term capital assets of the year in which the new asset is transferred or converted (otherwise than by transfer) into money.

New section 115G seeks to provide that a non-resident Indian having investment income or income by way of long-term capital gains or both and the tax deductible at source from such income has been deducted need not file the return of income under sub-section (1) of section 139.

New section 115H seeks to provide that in the case of a non-resident Indian who becomes resident in India in a subsequent year, the provisions of the new Chapter XII-A will continue to apply in relation to the investment income derived from debentures of and deposits with an Indian public limited company and Central Government securities, acquired in convertible foreign exchange, until the transfer or conversion (otherwise than by transfer) into money of such asset.

New section 115-I seeks to provide that a non-resident Indian will have the option not to be assessed under the provisions of this Chapter. This option will be exercisable by an assessee by making a declaration to that effect along with his return of income for the relevant assessment year.

These amendments will take effect from 1st June, 1983.

Clause 37 seeks to amend section 164 of the Income-tax Act relating to charge of tax where the share of the beneficiaries is unknown.

This amendment is consequential to the proposed amendment to sub-section (4) of section 11 of the Income-tax Act under sub-clause (b) of clause 6 of the Bill.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to assessment year 1984-85 and subsequent years.

Clause 38 seeks to amend section 280ZA of the Income-tax Act relating to tax credit certificates for shifting of industrial undertaking from urban area.

Under the proposed amendment, the capital gain arising from the transfer of machinery and plant as a result of the shifting of the individual undertaking would also be taken into account for the purpose of granting tax credit certificate under this section and the expenditure incurred for purchasing new machinery or plant for the undertaking in the area to which the undertaking is shifted will also qualify for being considered in computing the amount of tax credit certificate. If the new machinery or plant is transferred within five years of its purchase, one-half of the amount for which the credit certificate has been granted to the company will be deemed to be the tax due from the company.

The amendment will take effect from 1st April, 1984, and will accordingly, apply in relation to assessment year 1984-85 and subsequent years.

Clause 39 seeks to make certain amendments of a consequential nature in different provisions of the Income-tax Act.

The amendments are consequential to the substitution of clause (b) of sub-section (2) of section 11, insertion of new section 80HHC, and the omission of sections 80JJ and 80JJA, in the Income-tax Act.

Clause 40 seeks to make a provision for the revival of levy of wealth-tax in the case of closely-held companies.

Sub-clause (1) seeks to provide that wealth-tax under the Wealth-tax Act at the rate of two per cent. will be charged on the net wealth of closely-held companies on the valuation date relevant to the assessment year 1984-85 and subsequent assessment years.

Sub-clause (2) seeks to provide that for the purposes of sub-clause (1), the net wealth of a company will be the amount by which the aggregate value of the assets specified in sub-clause (3) exceeds the aggregate value of debts secured on or incurred in relation to such assets. However, any such debt secured on any asset belonging to the assessee which is incurred for the benefit of any other person or which enures to any other person or which is not represented by any asset belonging to the assessee will not be taken into account in computing the net wealth of the assessee.

Sub-clause (3) seeks to specify the assets for the purposes of sub-clause (2).

Sub-clause (4) seeks to provide that the value of any asset will be estimated, subject to the provisions of sub-section (3) of section 7 of the Wealth-tax Act relating to determination of the value by the Valuation Officer, to be the price which, in the opinion of the Wealth-tax Officer the asset would fetch if sold in the open market on the valuation date.

Sub-clause (5) seeks to provide that all the provisions of the Wealth-tax Act, excepting the provisions relating to exemptions in respect of certain assets, valuation of business assets in cases where regular accounts are maintained by the assessee, exemption in respect of certain companies and rates of wealth-tax, will apply in such manner that such provisions are in conformity with the provisions of this clause.

Sub-clause (6) provides that the provisos of the section will not apply to such institution, association or body as may be notified by the Central Government.

Sub-clause (7) seeks to provide that this clause will be construed as a part of the Wealth-tax Act.

Clause 41 seeks to make certain amendments in sub-section (1) of section 5 of the Wealth-tax Act.

Sub-clause (a) of this clause seeks to substitute clause (xa) of this sub-section. Under the proposed new sub-clause, fees due to the assessee in respect of professional services rendered by him in the legal, medical, engineering or architectural profession or the profession of accountancy or in a profession notified by the Central Government in this behalf will not be included in his net wealth if he maintains his books of account on the cash system of accounting.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and the subsequent years.

Sub-clause (b) seeks to substitute clause (xvi). Under the new clause, in the case of a non-resident Indian or a person of Indian origin, the value of any foreign exchange asset will be exempt from wealth-tax. For the purposes of this provision, "foreign exchange asset" will have the same meaning as in clause (b) of section 115C, proposed to be inserted in the Income-tax Act under clause 36 of the Bill.

This amendment will take effect from 1st April, 1984, and will accordingly apply in relation to the assessment year 1984-85 and the subsequent years.

Sub-clause (c) seeks to amend clause (xiv) inserted by the Finance Act, 1982.

Under the proposed amendment, exemption from wealth-tax in respect of the value of specified Capital Investment Bonds will be available only to individuals and Hindu undivided families.

Sub-clause (d) seeks to insert a new clause (xviii).

The proposed new clause seeks to provide exemption in respect of any property, being a medal, trophy or an award in kind received by an assessee for any attainment, work or contribution in any field from Government or from a University established by law or an institution affiliated to such University or from any such institution, association or body as is approved for the purposes of this clause by the Central Government.

These amendments will take effect from the 1st April, 1983.

Clause 42 seeks to amend sub-section (1) of section 5 of the Gift-tax Act relating to exemption in respect of certain gifts.

Sub-clause (a) seeks to amend clause (ii). Under the proposed amendment, gifts of any foreign exchange asset made by non-resident Indian citizens or persons of Indian origin to their relatives in India will be exempt from gift-tax. For the purposes of this provision, "foreign exchange asset" will have the same meaning as in clause (b) of section 115C, proposed to be inserted in the Income-tax Act under clause 36 of the Bill.

Sub-clause (b) seeks to amend clause (iiic) inserted by the Finance Act, 1982.

Under the proposed amendment, exemption from gift-tax in respect of gifts of specified Capital Investment Bonds will be available only to individuals and Hindu undivided families.

These amendments will take effect from 1st April, 1983.

Clause 43 seeks to amend section 4 of the Interest-tax Act, 1974.

Under the existing provisions, a tax at the rate of seven per cent is levied in respect of chargeable interest accruing or arising to a scheduled bank in the previous year. The amendment seeks to provide that in respect of the chargeable interest arising or accruing after 31st March, 1983, tax will be levied at the rate of three and a half per cent.

This amendment shall take effect from 1st April, 1983.

Clause 44 read with the Second Schedule seeks to amend the Customs Tariff Act, 1975 to—

(i) raise the rate of basic customs duty (standard) on certain items of edible fruit, nuts and peel of melons or citrus fruit and also the rate of basic customs duty (preferential) on such items, wherever applicable;

(ii) raise the rate of basic customs duty (standard) on certain mineral substances and products and also the rate of basic customs duty (preferential) on such items, wherever applicable;

(iii) raise the rate of basic customs duty on inorganic chemicals;

(iv) raise the rate of basic customs duty (standard) on organic chemicals and also the rate of basic customs duty (preferential) on such items, wherever applicable;

- (v) raise the rate of basic customs duty (standard) on pharmaceutical products and also the rate of basic customs duty (preferential) on these items wherever applicable;
- (vi) raise the rate of basic customs duty (standard) on tanning substances, dyes, colours, paints and varnishes etc. and also the rate of basic customs duty (preferential) on gambier and optical bleaching agents;
- (vii) raise the rate of basic customs duty (standard) on essential oils, resinoids, perfumery, cosmetics and toilet preparations and also the rate of basic customs duty (preferential) on these items, wherever applicable;
- (viii) raise the rate of basic customs duty (standard) on soap, organic surface-active agents, prepared waxes etc. and also the rate of basic customs duty (preferential) on such items, wherever applicable;
- (ix) raise the rate of basic customs duty on albuminoidal substances, glues and enzymes;
- (x) raise the rate of basic customs duty on explosives, pyrotechnic products, matches, pyrophoric alloys and certain combustible preparations;
- (xi) raise the rate of basic customs duty (standard) on miscellaneous chemical products and also the rate of basic customs duty (preferential) on such items, wherever applicable;
- (xii) raise the rate of basic customs duty on artificial resins and plastic materials;
- (xiii) raise the rate of basic customs duty on raw rubber, natural or synthetic rubber, waste and scrap of unhardened rubber, etc.;
- (xiv) raise the rate of basic customs duty on man-made fibres (discontinuous), waste of man-made fibres and continuous filament tow;
- (xv) raise the rate of basic customs duty on iron and steel and articles thereof;
- (xvi) raise the rate of basic customs duty on aluminium and articles thereof;
- (xvii) raise the rate of basic customs duty on lead and articles thereof;
- (xviii) raise the rate of basic customs duty on zinc and articles thereof;
- (xix) raise the rate of basic customs duty (standard) on gas compressors imported for use in air-conditioning equipment;
- (xx) raise the rate of basic customs duty on self contained air-conditioning machines;
- (xxi) raise the rate of basic customs duty on refrigerators (other than domestic refrigerators) and refrigerating equipment;
- (xxii) raise the rate of basic customs duty on insulated electric wire, cable, strips etc.;
- (xxiii) Insert a new sub-heading (23) in Heading No. 29.01/45 and to fix a standard rate of basic customs duty on terephthalic acid.

Clause 45 seeks to levy up to 31st March, 1984 auxiliary duties of customs on all imported goods at the rate of 50 per cent. of their value.

Clause 46 seeks to enlarge the definition of 'customs port' so as to include therein inland container depot by amending clause (12) of section 2 of the Customs Act, 1962.

Clause 47 seeks to amend section 7 of the Customs Act, 1962 providing for treatment of the inland container depots for the unloading of imported goods or for the loading of export goods to be customs ports for all purposes of the Customs Act, 1962.

Clause 48 seeks to amend section 23 of the Customs Act, 1962, to exclude from its purview goods pilfered before their clearance for home consumption.

Clause 49 seeks to amend section 25 of the Customs Act, 1962 so as to empower Government, while granting exemption under that section, to provide for the levy of a duty at a rate expressed in a form or method different from the form or method in which the duty is leviable under the Act. This is, however, subject to the condition that the duty chargeable on any goods after such exemption shall not in any case exceed the basic duty leviable.

Clause 50 seeks to reduce the period for which goods could be kept in a warehouse without payment of duty by amending section 61 of the Customs Act, 1962. The amendment also provides for charging of interest on the duty involved on warehoused goods in case the warehousing period is beyond the limits provided for in that section.

Clause 51 seeks to amend sub-section (1) of section 74 of the Customs Act, 1962. The amendment seeks to relax the condition of "export out of India" for grant of drawback to a condition requiring that the goods be entered for export and an order permitting their clearance and loading has been made in accordance with the Customs Act, 1962.

Clause 52 seeks to amend sub-section (1) of section 75 of the Customs Act, 1962. The amendment seeks to relax the condition of "export out of India" for grant of drawback to a condition requiring that the goods be entered for export and an order permitting their clearance and loading has been made in accordance with the Customs Act, 1962.

Clause 53 seeks to amend sub-section (1) of section 76 of the Customs Act, 1962 so as to provide for payment of drawback only in cases where the drawback due is Rs. 50 or more and also to delete the clause requiring the goods to be shown in the export manifest or export report before drawback can be granted.

Clause 54 seeks to amend the First Schedule to the Central Excises and Salt Act, 1944.

Sub-clause (a) of this clause, read with the Third Schedule, seeks to amend the First Schedule to change or amend the description of —

(1) Item No. 1D relating to aerated waters to revise the basis of assessment of certain varieties of aerated waters from ad valorem to specific rate of assessment.

(2) Sub-Item No. II(2) of Item No. 4 relating to cigarettes to revise the basis of assessment from ad valorem-cum-specific rate of assessment to ad valorem-cum-specific, or specific rate of assessment.

(3) Item No. 16 relating to tyres to revise the rates of duties on certain specified varieties of tyres.

(4) Item No. 17 relating to paper and paper board to revise the basis of assessment of certain varieties of paper and paper board from ad valorem to ad valorem-cum-specific rate of assessment.

(5) Item No. 18 relating to man-made fibres and filament yarns to revise the rates of duty on certain varieties of fibres and yarns.

(6) Item No. 23 relating to cement to revise the rates of duties and to specifically include in its scope all portland slag cements.

(7) Item No. 30 relating to electric motors so as to include die-cast rotors within the purview of this item.

(8) Item No. 34 relating to motor vehicles to revise the basis of assessment of saloon cars from ad valorem to ad valorem-cum-specific rate of assessment.

(9) Item No. 68 relating to goods not elsewhere specified in the Central Excise Tariff to revise the rates of duties.

Sub-clause (b) of this clause, read with the Fourth Schedule, also seeks to amend the First Schedule to the Central Excises and Salt Act to broadly align the excise classification in respect of iron and steel products including tin-plates, etc., with the corresponding customs classification.

This amendment will come into force from a date to be notified by the Central Government.

Clause 55 seeks to levy up to 31st day of March, 1984, special duties of excise on all excisable goods at the rate of ten per cent. of the duty leviable under the Central Excises Act, read with any notification for the time being in force issued by the Central Government in relation to the duties so chargeable, other than a notification providing for set-off or proforma credit of the excise duty or the additional duty leviable under Customs Tariff Act, 1975, already paid on the raw materials and component parts used in the production or manufacture of such goods.

Clause 56 read with the Fifth Schedule seeks to amend the First Schedule to the Additional Duties of Excise (Goods of Special Importance) Act, 1957 to change or amend the description of—

(1) Sub-Item No. II(2) of Item No. 4 relating to cigarettes to revise the basis of assessment of cigarettes from ad valorem-cum-specific to ad valorem-cum-specific, or specific rate of assessment,

(2) Sub-Items No. III and IV of Item No. 19 relating to cotton fabrics to revise the rate of duty, and

(3) Sub-Items No. (3) and (4) of Item No. 22 relating to man-made fabrics to revise the rate of duty.

Clause 57 seeks to amend section 3 of the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978, to clarify that for computing the additional duty payable under the Act, notifications issued by the Central Government giving set-off or proforma credit of the duty of excise or the additional duty under the Customs Tariff Act, 1975, on the raw materials used in the production or manufacture of such goods should not be taken into account.

Clause 58 seeks to amend the First Schedule to the Indian Post Office Act, 1898, with a view to revising the postage rates for Parcels.

Clause 59 seeks to make certain amendments in the Compulsory Deposit Scheme (Income-tax Payers) Act, 1974.

Sub-clause (a) (i) seeks to amend sub-section (1) of section 3. Sub-clause (b) seeks to amend sub-section (1) of section 4. These amendments seek to secure that, in relation to the assessment years 1984-85 and 1985-86 also, compulsory deposits are made at the rates specified in paragraph D of the Schedule to the Act.

These amendments will take effect from 1st April, 1983.

Sub-clause (a) (ii) seeks to amend sub-section (3) of section 3.

Under the existing provisions, an individual is not required to make any compulsory deposit for any assessment year if such individual is more than seventy years of age on the first day of the financial year immediately preceding the assessment year. Under the proposed amendment, the age limit of seventy years will be reduced to sixty-five years.

Sub-clause (c) seeks to amend sub-section (1A) of section 8.

Under the existing provisions, the amount of compulsory deposit made by an individual shall be repayable, together with the interest thereon, on the first day of the financial year immediately succeeding the financial year in which such individual attains seventy years of age. Under the proposed amendment, the age limit of seventy years will be reduced to sixty-five years. In a case where the individual attains the age of sixty-five years before 1st April, 1983, the amount of compulsory deposit will be repayable on 1st June, 1983.

These amendments will take effect from 1st June, 1983.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2(7) of the Bill provides that if a company makes a deposit with the Industrial Development Bank of India in accordance with any scheme framed by the Central Government, the surcharge on income-tax payable by the company will be reduced to the extent mentioned in the said sub-clause. The scheme to be framed by the Central Government will contain details as to the manner of making such deposits, the period for which such deposits may be made and other connected matters of detail.

Clause 5(b) seeks to amend clause (10) of section 10 of the Income-tax Act relating to exemption from tax in respect of gratuity received by employees on retirement, etc. In the case of gratuity payable to employees in the private sector, the amount exempt from tax is subject to a monetary limit of Rs. 30,000. This clause seeks to increase this limit to Rs. 36,000. The Central Government has been empowered to increase this limit of Rs. 36,000 to a higher amount by notification in the Official Gazette, having regard to any increase in the maximum amount of gratuity payable to Central Government employees.

Clause 11(b) seeks to insert a new sub-section (2C) in section 32A of the Income-tax Act to provide for the grant of investment allowance at the higher rate of 35 per cent. (as against the general rate of 25 per cent.) of the actual cost of new machinery or plant which would assist in control of pollution or protection of environment if the machinery or plant is notified by the Central Government for the purposes of the proposed provision.

Clause 15 seeks to substitute sub-section (3) of section 35CC of the Income-tax Act by a new sub-section which relates to rural development allowance. The new sub-section provides that no deduction shall be allowed in respect of

expenditure on any programme for rural development unless the assessee has obtained the approval of the prescribed authority in respect of such programme before the 1st of March, 1983 and furnishes, along with the return of income for the assessment year for which deduction is claimed, a statement of such expenditure in the prescribed form.

Clause 16 seeks to amend section 35CCA of the Income-tax Act relating to expenditure by way of payment to associations or institutions for carrying out rural development programmes, etc. Item (ii) of sub-clause (a) of this clause seeks to insert a new clause (c) in sub-section (1) which provides that payment of any sum to a rural development fund set up and notified by the Central Government in this behalf will qualify for deduction under this section. Under new sub-sections (2) and (2A) of this section, the deduction in respect of expenditure by way of payment of any sum to any association or institution which has as its object the training of persons for implementing programmes of rural development will not be allowed unless the tax-payer furnishes a certificate from such association or institution to the effect that the prescribed authority had approved the association or institution before 1st March, 1983 and the training of persons for implementing any programme of rural development had been started by the association or institution before 1st March, 1983. The certificates required to be furnished will not be issued by any association or institution unless it has obtained from the prescribed authority, authorisation in writing to issue certificates of such nature.

Clause 20 which seeks to amend section 54E of the Income-tax Act provides that exemption relating to capital gains on transfer of capital assets under this section after the 28th February, 1983 will apply only in cases where the tax-payer has invested or deposited the whole or part of the net consideration in the new asset by initially subscribing to the new asset. The proposed new clause (c)(i) in Explanation 1 to sub-section (1) of this section which specifies the new assets, empowers the Central Government to notify the securities of the Central Government, special series of the units of the Unit Trust of India, National Rural Development Bonds and debentures issued by the Housing and Urban Development Finance Corporation Limited.

Clause 24 seeks to insert a new section 80HHC in the Income-tax Act relating to deduction in respect of export turnover. Under sub-section (1) of this section, deduction of an amount equal to 6 per cent. of the amount by which the export turnover of any goods or merchandise to which this section applies during the previous year exceeds the export turnover of the goods or merchandise during the immediately preceding year is allowable. Sub-section (2) of this section, which specifies the goods or merchandise to which this section applies, empowers the Central Government to specify by notification any goods or merchandise to which the section does not apply.

Clause 41 seeks to insert a new clause (xa) in sub-section (1) of section 5 of the Wealth-tax Act which provides that fees due to the assessee in respect of professional services rendered by him in the legal, medical, engineering or architectural profession or the profession of accountancy or any profession notified by the Central Government in this behalf will not be included in his net wealth if he maintains his books of account on the cash system of accounting.

The delegation of legislative power under the afore-mentioned provisions relates to matters of procedure or administrative detail or to matters in respect of which it is not practicable to make detailed provisions. Hence the delegation of legislative power is of a normal character.

AVTAR SINGH RIKHY,
Secretary.